



2023 SUSTAINABILITY REPORT

INSPIRING IMPACT AND UNVEILING OPPORTUNITIES

SRV2030
Sustainability Roadmap Vision



Growing Our Tomorrow

HARMONY BETWEEN BUSINESS AND COMMUNITY:

A Success Story of Community Empowerment and Environmental Preservation

For three decades, the Community Empowerment (CE) team of Indah Kiat Perawang has been accompanying its surrounding community in achieving self-reliance.

This team's key is approaching the communities with a holistic empowerment program that encompasses capacity building, local economic development, and enhanced well-being. One inspiring story is of Mr. Murseno and his CE team, who have been mentoring Mrs. Tati for years through guidance and training to develop her business, Usaha Aulia. Initially a small-scale chip production operation in a small town, sold at local shops near her home, Usaha Aulia has now grown exponentially, with products marketed in supermarkets and stores in the nearest city, Pekanbaru.

Over the years, Usaha Aulia has transformed into a thriving business, multiplying its revenue by 100 times. Notably, it is evident that beyond Mrs. Tati's initiative and perseverance, the consistent support from Mr. Murseno and his team

(e.g., training and consultation, access to diverse markets, product packaging, financial management tools, etc.) has been a key factor to Usaha Aulia's success. Similar to Usaha Aulia, Mr. Murseno and his team are mentoring and collaborating with hundreds of program participants, empowering them toward sustainable development and achieving positive impacts.



APP Forestry fosters synergy between nature conservation and community well-being through its Desa Makmur Peduli Api (DMPA; Integrated Forestry and Farming System) program in its operational areas. The DMPA program was established by Mr. Agung Wiyono with the vision to provide alternative livelihoods towards sustainable income while protecting forests and preventing land fires. DMPA is initiated by mapping vulnerable natural conditions at the forest borders within the operational areas and the communities residing within, as well as identifying livelihood programs for the communities with a no-burning approach.

One outstanding program among Mr. Agung's many inspiring forest protection endeavors is the collaboration with the community through the Village-Owned Enterprise (BUMDes) Delima, led by Mrs. Zuvita in 2017. The people of Delima Village in Jambi often used fire to clear forest land for agriculture. Inspired and empowered by the DMPA's vision and approach, Mrs. Zuvita, a member of Delima, also participated in various DMPA programs. With strong leadership skills, Mrs. Zuvita embarked on a journey to

establish BUMDes Delima, a program to produce compost. This program attracted many community members and significantly reduced human-induced open forest fires. Today, BUMDes Delima supplies compost to APP Forestry in large quantities. BUMDes Delima has become a catalyst and key to the development of various new economic development programs and community empowerment initiatives in Delima over the years. BUMDes Delima has also been recognized with various awards at the national and local levels.



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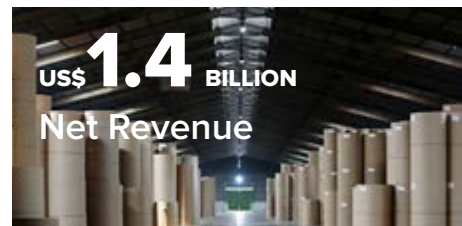
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13.9 MILLION TONS
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INSPIRING IMPACT AND UNVEILING OPPORTUNITIES

The theme “Inspiring Impact and Unveiling Opportunities” reflects PT APP Purinusa Ekapersada’s (“APP Indonesia, APP, We, Our and The Company”) unwavering dedication to sustainability. At the heart of this commitment lies the Sustainability Roadmap Vision (SRV) 2030, which outlines a comprehensive strategy for achieving environmental, social, and governance (ESG) goals. This roadmap maps out APP’s sustainability performance across its pillars: Products, Forests, and People. By adopting the Science Based Target Initiative (SBTI), APP further strengthens its commitment to measurable, science-based sustainability goals. The Group has also set a target to achieve net-zero emissions by 2050, a concrete manifestation of its sustainability efforts amidst various challenges.

APP believes that sustainability is not just a responsibility but also a key to unlocking new opportunities. By embracing sustainability principles, APP not only conserves the environment and empowers communities but also drives innovation, enhances operational efficiency, and builds strong stakeholder relationships. APP’s commitment to sustainability is not just about meeting expectations; it’s about creating a better future. These sustainability efforts are pivotal in meeting the needs of environmentally conscious consumers and investors who value responsible companies.

This report serves as a testament to APP’s transparency in showcasing its impactful sustainability initiatives. By placing the environment and communities at the forefront, APP invites all stakeholders to collaborate in building a more sustainable future for the environment and society.



APP prioritizes transparency on all operational aspects, underlining our commitment towards an open and responsible corporate governance.



MESSAGE FROM TOP MANAGEMENT

PRESIDENT DIRECTOR STATEMENT

As we have been navigating through a rapidly changing world, our focus has remained on making a meaningful impact and uncovering new avenues for growth and innovation, while remaining steadfast to the vision and mission set forth by our founder.

Today, we come together to unveil the remarkable strides we've made and sharing the impacts that fuel our journey, and to explore the boundless opportunities that lie ahead.

Through this report, APP fosters transparency across all facets of our operations, underscoring our commitment to open and accountable business practices. Aligned with our Sustainability Roadmap Vision (SRV 2030), which centers on three main pillars: Products, Forests, and People, we strive to create sustainable products by implementing efficient and environmentally friendly operational processes.

We realize this SRV 2030 through a multi-stakeholder approach, engaging in dialogue and collaboration with government entities, NGOs, local communities, and business partners. By investing in the latest technologies,

we emphasize environmentally friendly operations, reflected in our efforts to reduce waste, manage water wisely, and utilize renewable energy. This holistic approach ensures that we not only meet sustainability standards but also lead the way in sustainability best practices.

I would like to express my deepest gratitude to all stakeholders for their support and cooperation. Our success in implementing sustainable practices would not be possible without the contribution and commitment of all parties involved. Together, we can create a more sustainable and better future for future generations. Let us continue to move forward for a better us and a better future.

Thank you for joining us on this journey.

Andrie S Yapsir
President Director



CHIEF SUSTAINABILITY OFFICER STATEMENT

Dear Stakeholders,

At the core of our organization lies an unwavering belief in doing the right thing. As a global leader in pulp and paper products manufacturing, our commitment to a sustainable economy, positive environmental impact, and social responsibility remains steadfast. Our ambitious goals and performance over the years are a testament to this commitment.

We recognize that addressing the risks and opportunities of sustainable development extends beyond business as usual. Our efforts contribute positively on both global and local levels. This is embodied in APP's Sustainability Commitment, a policy guiding responsible business practices throughout our value chain, and the Sustainability Roadmap: Vision 2030, an organization-wide sustainability strategy. These two governance initiatives serve as the backbone of APP's efforts in innovative technology, positive forestry practices, and community empowerment. Since their inception, our commitment to sustainable values has deepened, emphasizing circular production, sustainable forests, and community empowerment.

By 2023, we achieved 98% energy use from renewable sources at OKI plants, significantly reducing greenhouse gas emissions. Additionally, a 9.8 MWp solar PLTS facility was installed at the Tjiwi Kimia mill on the rooftop of warehouses, office, and production facilities, with a planned increase up 45 MWp across APP.

We believe a sustainable future must be inclusive and equitable. We strive to create a diverse, equitable, and inclusive environment where everyone feels valued and has the opportunity to contribute. In 2023, we formed a focus group to develop strategies and plans, culminating in the establishment of a Diversity, Equality, and Inclusion (DEI) Committee within APP. The committee's initial focus will be to develop governance structures and strategies to increase diversity in leadership, promote equal opportunity, and foster an inclusive culture.



For over a decade, APP has been committed to improving community welfare, impacting around 400 thousands beneficiaries surrounding our operations including our sanitation and clean water programs benefit around 250 households in East Java, by providing clean water facilities and educating the public on the importance of cleanliness.

The year 2023 has been exciting, marked by significant performance, by adhering to the ten universal principles of the United Nations (UN) in human rights, employment, environment, and anti-corruption, our entities have received recognition through 44 awards. Notably, we were honoured with the PRISMA award for strong human rights implementation and the PROKLIM award, a prestigious environmental accolade in Indonesia. APP's meaningful and victorious sustainability journey is a collective effort of stakeholders and an empowered community. Together, we can continue to push the boundaries of sustainable practices to protect and preserve our planet for future generations, inspiring impact & unveiling opportunities.

Thank you to everyone who has joined us on this journey.

Elim Sritaba

Chief Sustainability Officer

98%

of energy used in
OKI Mill comes from
renewable sources

9.8 MWp

Solar panel installation
in Tjiwi Kimia mill

44

Total of awards
APP has received
throughout 2023



Established the
Diversity, Equity, and
Inclusion Committee

ECOSYSTEM

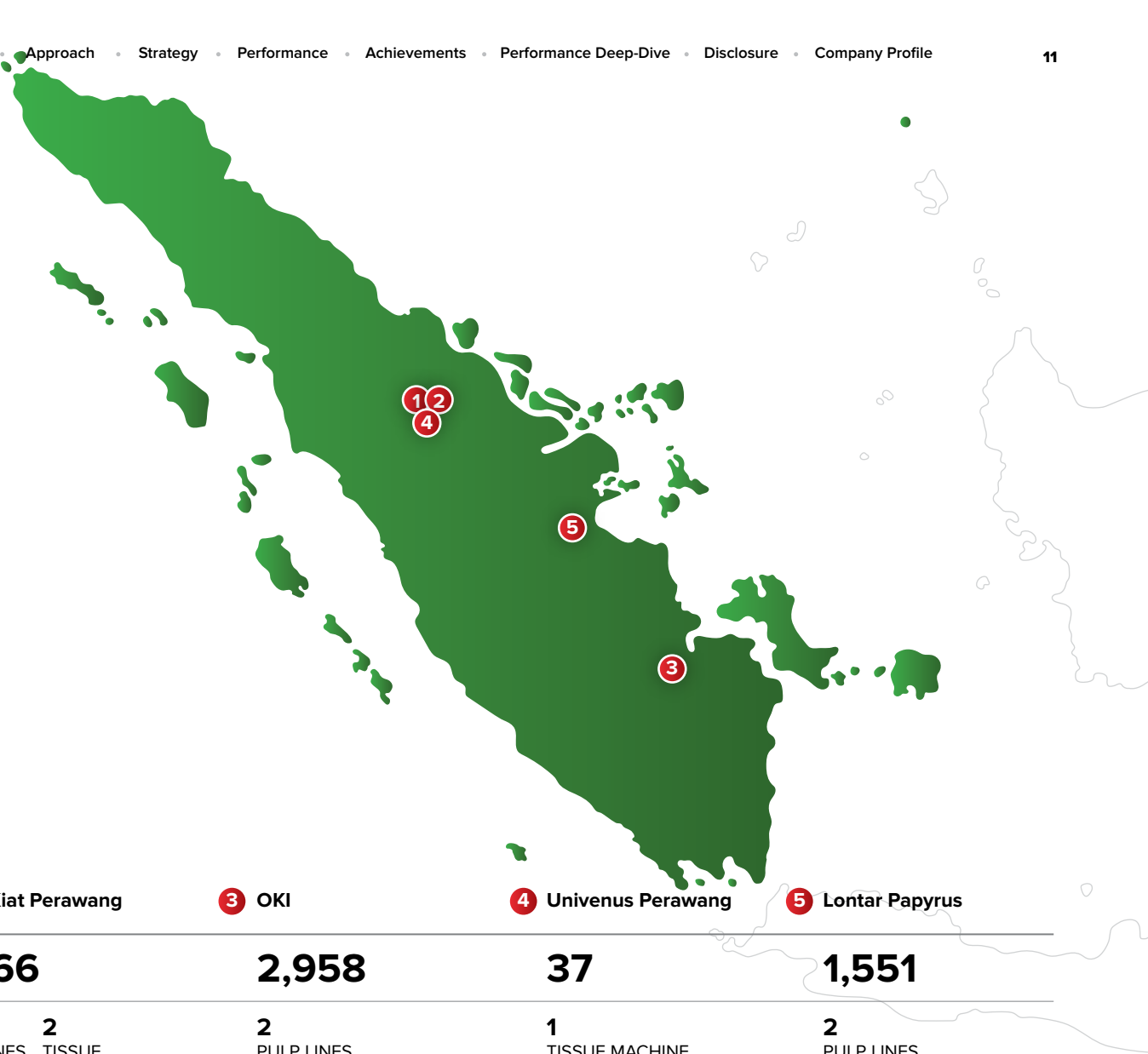
For more than a decade, APP has committed to maintaining the environment and surrounding community's well-being by minimalizing emissions through efficient waste handling and sustainable innovations.



ECOSYSTEM

OPERATIONAL AREAS

APP operates 14 mills and 6 forestry companies located in Java, Sumatra, and Kalimantan Islands.
[GRI 2-6] [OJK C.3.d]



MILLS IN SUMATRA

	1 Pindo Deli Perawang	2 Indah Kiat Perawang	3 OKI	4 Univenus Perawang	5 Lontar Papyrus
Employees	1,570	5,666	2,958	37	1,551
Production Lines	22 TISSUE MACHINES 19 TISSUE-CONVERTING MACHINES	4 PULP LINES 2 TISSUE MACHINES 9 PAPER MACHINES	2 PULP LINES 6 TISSUE MACHINES	1 TISSUE MACHINE	2 PULP LINES 8 TISSUE MACHINES
Key Products	Tissue and converted tissue products	LBKP (pulp), wood-free printing, writing, copier, coated papers, tissue and chemical products	LBKP (pulp) and tissue	TISSUE	LBKP (pulp) and tissue

MILLS IN JAVA

**6** Indah Kiat Serang**7** Tjiwi Kimia**8** Head Office Jakarta***9** Indah Kiat Tangerang**10** Pindo Deli Karawang

Employees

3,639**4,957****1,947****761****4,017**

Production Lines

6
PAPER MACHINES

7
OFFSET
MACHINES

5
CORRUGATORS
MACHINES

13
PAPER MACHINES

3
PAPER MACHINES

12
PAPER MACHINES

3
TISSUE MACHINES

Key Products

White cardboard packaging paper, brown cardboard packaging paper, corrugated paperboard, and packaging and boxes from paper and cardboard

Uncoated paper, coated paper, carbonless paper, medium paper, linerboard, Kraft paper, notebook, memo pad, notepad, looseleaf paper, spiral bound notebook, envelope, continues form, wrapping paper, packaging paper, paper bag, and corrugated cardboard box used for industrial packaging.

Colored printing, writing and copier, computer, and duplicator paper

Writing, printing, copier, pre-print and other, premium wood-free papers, cast-coated paper, paperboards, carbon-less, packaging paper, art paper, and tissue

11 Ekamas Fortuna**12** Purinusa Semarang**13** Purinusa Demak**14** Purinusa Bandung**15** Purinusa Subang

Employees

850**253****188****287****167**

Production Lines

2
PAPER MACHINES

1
CORRUGATOR MACHINE

1
CORRUGATOR MACHINE

2
CORRUGATOR MACHINES

1
CORRUGATOR MACHINES

Key Products

Medium corrugated paper, gypsum face paper gypsum backing paper, wrapping papers, kraft linerboard, sheet of paper, chipboard, coreboard, paper tube, heavy board, paper corner, paper core, and pallet paper

Corrugated Paper Packaging

Corrugated Paper Packaging

Corrugated Paper Packaging

Corrugated Paper Packaging

Forestry



Employee	1,523	242	53
Concession Area	296,164 ha	SPA 77,702 ha	SPA Serapung 11,927 ha
		SPA Sinar Merawang 10,070 ha	12,000 ha
License	<ul style="list-style-type: none">SK.817/MENLHK/SETJEN/HPL.0/9/2021SK Addendum No.SK 1131/MENLHK/SETJEN/HPL.2/11/2022	<ul style="list-style-type: none">SPA: NO.SK.725/MENLHK/SETJEN/HPL.0/9/2021SPA SERAPUNG: SK.134/MENLHK/SETJEN/HPL.0/2/2022SPA SINAR MERAWANG: SK.135/MENLHK/SETJEN/HPL.0/2/2022	<ul style="list-style-type: none">SK.985/MENLHK/SETJEN/HPL.0/10/2021



Employee	1,133	216	140
Concession Area	287,166 ha	299,700 ha	SHJ I ± 10,000 haSHJ II ± 70,300 ha
License	<ul style="list-style-type: none">SK.1141/MENLHK/SETJEN/HPL.0/11/2021	<ul style="list-style-type: none">SK PBPH NO.SK.1041/MENLHK/SETJEN/HPL.0/11/2021	<ul style="list-style-type: none">SHJ I: SK.763/MENLHK/SETJEN/HPL.3/9/2021SHJ II: SK.764/MENLHK/SETJEN/HPL.3/9/2021

APPROACH

In a constantly moving and dynamic era, companies are not only operating for profitability, but it must also consider its effects towards the environment, people, and good corporate governance.



GOVERNANCE

APP is committed to a responsible corporate governance.

This commitment is reflected in our comprehensive governance framework, which takes into account economic, environment, and social (triple bottom line) aspects in every decision-making process.

This approach enables APP to:



Conduct inclusive and balanced evaluations of the impacts of each decision, focusing not only on short-term financial gains but also on long-term sustainability.



Ensure that the company's operations are aligned with its values and commitments to sustainable development.



Maintain the trust and support of stakeholders, including investors, employees, customers, and communities.

GOOD CORPORATE GOVERNANCE

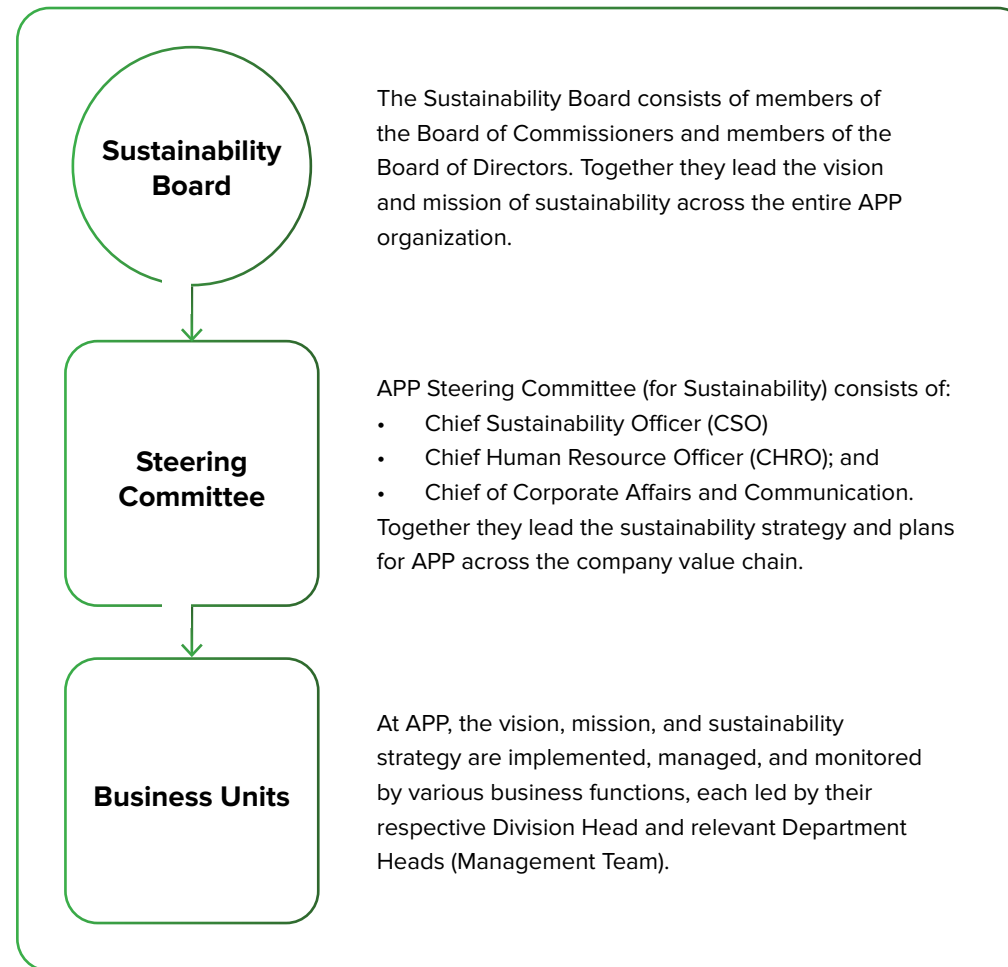
The implementation of Good Corporate Governance (GCG) is the foundation for APP's operations. We are committed to making GCG an integral part of the company's culture and to upholding transparency, accountability, openness, responsibility, independence, fairness, and justice.

To ensure the implementation of GCG throughout the company and its operational aspects, APP has established a Governance Policy and Business Code of Conduct (BCoC). This policy is approved by the Management Board and applies to all aspects of APP's employees. We also provide dissemination and education to our partners with business relationships with APP regarding the implementation and application of this policy. Thus, APP affirms its commitment to conducting business in a responsible, fair, and sustainable manner. [GRI 2-24]

APP recognizes that compliance with laws and regulations is an essential aspect of good corporate governance. We view this compliance as one of the key pillars in conducting our business operations responsibly and sustainably. We have a structured process to ensure proper understanding and implementation of these regulations throughout our organization. Due to this prudence, we comply with and adhere to applicable laws and regulations in the reporting year. [GRI 2-27]

SUSTAINABILITY GOVERNANCE

APP established a Sustainability Committee chaired by the President Director of the company. This committee is responsible for ensuring the implementation of the sustainability vision and mission and assisting in providing strategic direction on sustainability initiatives. [TCFD G1]



By involving various relevant internal stakeholders, the Committee aims to ensure that sustainability aspects including human rights are comprehensively considered in all decisions and strategies taken by the company.

The implementation of sustainability initiatives is then delegated to the relevant divisions for execution according to the established plan. Regular monitoring and evaluation are carried out through meetings and reports. The Committee also plays a role in assessing and managing climate-related risks and opportunities. [TCFD G2]

The Management Team under the business units as described in the governance structure consists of senior management team members who are responsible for overseeing various departments. This Management Team conducts a review of economic, environmental, and social aspects every three months. Concerning sustainability reporting, the Board of Directors is actively involved in providing direction and feedback that contribute to the development of the sustainability report. [GRI 2-14]

An additional role of the management team is to build a strong culture of sustainability throughout APP’s operations. APP has developed various programs to build a culture of sustainability, including: [OJK F.1]



To report significant or extraordinary events, APP provides a means for reporting to ensure that significant incidents are promptly identified and addressed. Prompt handling of such incidents is crucial to reduce any potential negative impacts and ensure the smooth operation of the company.

In situations where significant or extraordinary events are reported, the Board of Directors has the authority to hold emergency meetings based on the reports received. These meetings allow the Board of Directors to directly evaluate the situation, make necessary decisions, and direct the actions to be taken by the company’s management. The only significant issue discussed during the reporting year was regarding the construction of a new mill in Karawang. [GRI 2-16].

SUSTAINABILITY COMMITMENT

The Sustainability Commitment is APP's sustainability policy designed as a comprehensive Environment, Social, Governance (ESG) and Transparency guiding principles and commitments. It aims to seamlessly integrate sustainability initiatives into our business processes. Thus, we can mitigate climate change risks while empowering opportunities. This commitment also serves as the primary overarching policy driving sustainability transformation across our business processes.


To ensure widespread adoption and transformation at the operational level, the Sustainability Commitment is implemented across all business functions through various relevant policies. These policies drive implementation, accountability, tracking, monitoring, and transparency.

OPERATIONAL POLICY

In today's dynamic and ever-changing world, companies are not only required to pursue profitability but also to consider their impact on the environment, society, and good governance. This drives companies to formulate sustainable policies. APP has established diverse policies across the ESG aspect such as Forest Conservation Policy, Human rights, Grievance Policy, etc.

A company's sustainable policies are not merely formalities, but a tangible manifestation of the company's commitment to sustainability. This commitment is embedded in the company's values and culture and forms the basis for decision-making and actions at all levels.

The company's sustainability policies are a derivative of its sustainability commitment, translated into concrete and measurable policies. These policies cover a wide range of aspects, from reducing carbon emissions and responsible management of natural resources to empowering communities and implementing good governance practices.


 **ENVIRONMENT**

✓ Forest Conservation Policy

✓ Fiber Procurement and Processing Policy

✓ Environmental Policy

✓ Fire Prevention and Management Policy

 **SOCIAL**


✓ Human Rights Policy

✓ Working Hours Policy

✓ Corporate Social Responsibility Policy

✓ Health and Safety Policy

✓ Speak Up Policy

 **GOVERNANCE**

✓ Governance Policy

✓ Business Code of Conduct

✓ Supplier Code of Conduct

✓ Whistleblower Protection Policy

✓ Anti-Bribery and Corruption Policy

✓ Grievance Policy

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) APPROACH: CLIMATE-RELATED RISKS AND OPPORTUNITIES

Amidst the dynamic economic landscape, APP commits to integrate sustainability principles into its core strategy. One concrete step towards realizing this commitment is by implementing the Task Force on Climate-related Financial Disclosures (TCFD) framework into its sustainability management approach.

TCFD provides APP with a comprehensive framework to enhance climate-related disclosures in financial reporting. By adopting the TCFD framework, APP demonstrates its commitment to transparency and accountability in managing climate-related impacts and risks.

In its endeavours to manage climate-related risks and opportunities, APP mapped out various climate-related impacts and strategies in the short-term (1-2 years), medium-term (3-5 years), and long-term (>6 years). [TCFD S1]



Short-Term Risks



Short-Term Opportunities



Drought and Wildfires: Extreme weather events due to climate change could increase the risk of drought and wildfires, which could damage plantation forests and disrupt pulp and paper production.



Floods: Floods due to heavy rainfall could disrupt the operations of APP's mills, distribution, and logistics infrastructure.



Fluctuations in Raw Material Prices: Climate change could lead to fluctuations in raw material prices such as wood and pulp, which could increase APP's production costs.



Changes in Product Demand: Consumers are becoming more aware of the environmental impact of the products they consume. This could lead to a decrease in demand for paper and pulp products.



Rising Demand for Eco-Friendly Products: Consumers are increasingly seeking eco-friendly products. This presents opportunities for APP to develop and market sustainable paper and pulp products, such as Foopak Bio Natura, Paperline Box (cardboard boxes made from recycled and certified PEFC-managed fibers), and other eco-friendly products.



Environmental Certifications: By certifying its products, APP expands its market to eco-conscious consumers.



Adoption of New Technologies: New technologies can help APP improve efficiency and reduce greenhouse gas emissions.

Medium-Term Risks



Medium-Term Opportunities



Regulatory Changes: Governments around the world are tightening regulations related to greenhouse gas emissions and forest management. This could increase compliance cost for APP.



Product Competition and Changes: The digitalization development could reduce the demand for paper.



Development of New Products: APP can develop new, more eco-friendly products.



Expansion into New Markets: APP can expand its market to developing countries with high demand for paper and pulp products.

Long-Term Risks



Long-Term Opportunities



Supply Chain and/or Value Chain: Extreme temperatures, either very low or very high, can cause damage to tree species and may result in a shortage of our pulpwood supply, which could ultimately affect the continuity of our production lines. The magnitude of this impact is significant for our business, and we need to consider this risk in the medium to long term.



Investment in Renewable Energy: APP can invest in renewable energy to reduce greenhouse gas emissions and increase resilience to climate change.



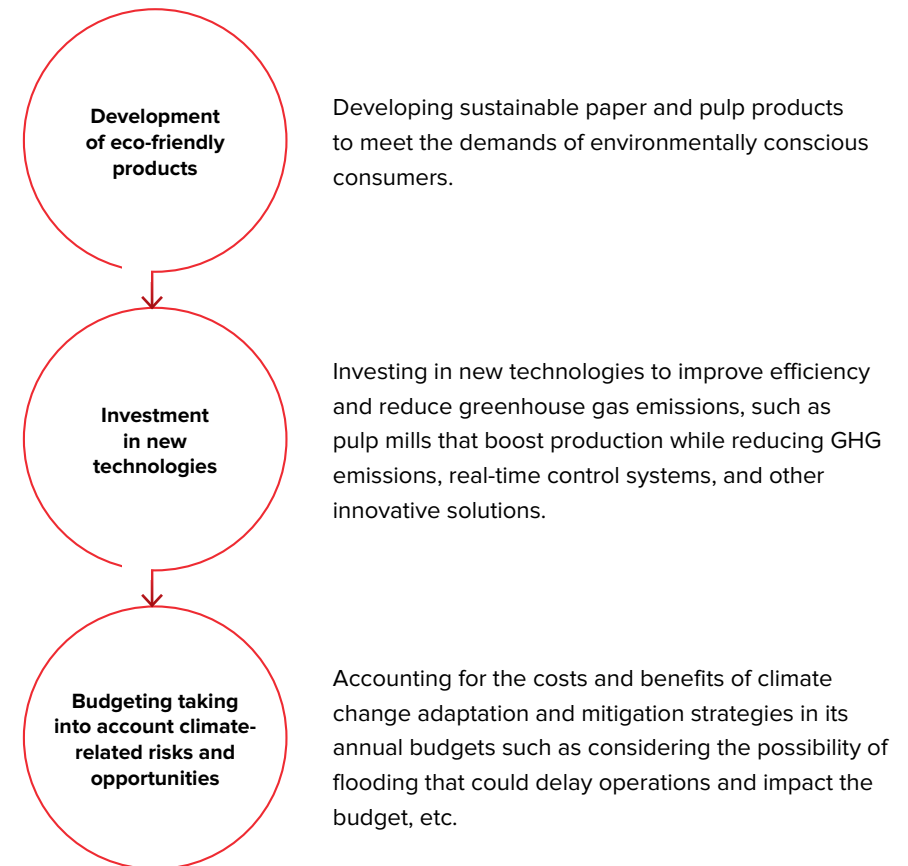
Development of Sustainable Plantation Forests: APP can develop sustainable plantation forests to increase resilience to climate change and ensure a sustainable supply of raw materials.



Investment in R&D: We are conducting research on tree species to identify species that can adapt to changes in physical parameters and temperatures, as well as being resistant to pests.



The presence of both climate risks and opportunities has prompted APP to adopt a strategic, sustainable and financially prudent approach that integrates these considerations, including: [TCFD S2]



In line with the 1.5°C scenario, APP has engaged consultants to develop a carbon emission reduction scenario aligned with the SRV 2030 targets. This scenario has been designed by setting a series of targets, including reducing fossil fuel use, increasing renewable energy utilization, and enhancing green energy adoption (i.e., solar panels). [TCFD S3]

RISK MANAGEMENT

APP fully recognizes that climate change and its environmental impacts have the potential to significantly affect our business. The Sustainability Committee has developed a comprehensive risk management framework, including risks associated with climate change and other environmental impacts. The Committee regularly evaluates these risks, identifies their potential impact on our operations, and designs appropriate mitigation strategies. It is important to note that the results of the risk evaluation and mitigation recommendations from the Sustainability Committee are regularly communicated to the Board of Directors. This information serves as a basis for supporting strategic decision-making at the highest management level, ensuring that APP can adapt to climate and environmental change and effectively manage risks in an ever-changing context. [TCFD R1]

The following are the various climate-related risks, and APP's management of these topics: [TCFD R2]

1



REGULATORY RISK

Regulatory risk management focuses on addressing the potential negative impacts arising from changes in or non-compliance with government regulations. In the context of APP, regulatory risks encompass a wide range of policies that must be adhered to. Examples include regulations from the Ministry of Energy and Mineral Resources mandating energy usage reporting, as well as carbon emission regulations for paper products in diverse markets (i.e., Europe, etc.). Non-compliance with these regulations can expose the company to risks such as fines, operational restrictions, or a loss of clients. Therefore, APP ensures compliance with all applicable regulations and actively manages regulatory risks to safeguard its ongoing operations and reputation.

2



TECHNOLOGY RISK

APP adopts new technologies to enhance operational efficiency, reduce its carbon footprint, and protect the environment. Old machinery and equipment often consume more energy, making technological upgrades essential. However, adopting new technologies poses risks such as high costs, training requirements, and potential operational disruptions. To manage these risks, APP conducts thorough evaluations, provides employee training, and implements regular maintenance. As a result, APP can achieve better efficiency and sustainability while effectively managing technological risks.

3



LEGAL RISK

APP actively monitors applicable legal regulations and ensures compliance with all regulations. Additionally, APP sets higher standards than required, such as obtaining sustainable forest management certifications. By complying with the law and setting high standards, APP reduces legal risks that could arise from non-compliance, such as sanctions, fines, or reputational losses. This strategy ensures that APP not only meets legal obligations but also contributes to sustainable and responsible business practices.

4



MARKET RISK

The current market increasingly demands more eco-friendly products. To meet this demand, producers must comply with strict ecolabel standards, often a requirement for exporting products, particularly to international markets.

APP manages this market risk by complying with various nationally and globally recognized environmental standards and certifications. By obtaining these certifications, APP not only meets market demands but also demonstrates its commitment to sustainable practices. This helps APP to maintain and expand its market share, reduces the risk of losing customers, and enhances its sustainability footprint.

5



REPUTATIONAL RISK

Reputational risk poses a significant challenge to APP. The impact of reputational risk can include a decline in customer trust, loss of market share, and financial losses. A poor reputation can also affect relationships with stakeholders, including governments, local communities, and investors. To maintain a good reputation, APP strives to be a responsible and value driven organisation by taking a balanced approach to managing the company's internal and external ESG initiatives (i.e., conservative practices, carbon emission reduction, social compliance, etc.).

Through diverse endeavours, APP not only meets market expectations and regulations but also builds trust and loyalty among customers and stakeholders.

6



PHYSICAL RISK

APP faces various physical risks that could disrupt its operations, including extreme weather events, floods that hinder supply chains, and droughts that impact water supplies. Long-term climate change also poses a significant challenge that must be considered in managing these physical risks. To manage these risks, APP has specific guidelines, namely the APP/SMK3/P/013 OHS Management Procedure Guidelines on Emergency Management. This guideline includes clear procedures and innovative solutions for addressing various emergencies. APP ensures preparedness and rapid response to physical risks, maintains operational continuity, and minimizes disruptions to the supply chain. These innovative solutions also empower the company to adapt to long-term climate change, ensuring business sustainability and environmental protection.

The process of identifying, assessing, and managing climate-related risks is integrated into the overall risk management of APP through a structured and holistic approach. The company implements the following key steps: [TCFD R3]

RISK IDENTIFICATION

The first step is for APP to identify climate-related risks by analysing the potential impacts of climate change on our operations and business activities. This involves assessing factors such as changes in weather patterns, rainfall levels, temperatures, and their impact on our supply chains, infrastructure, and production sites.



RISK ASSESSMENT

After identification, we conduct an in-depth assessment of the identified risks. This assessment includes analysing the probability of the risks occurring and their potential impact on various aspects of our operations and business sustainability. We also consider secondary risks that may arise as a consequence of climate change.



RISK MANAGEMENT

Based on the assessment results, we develop appropriate risk management strategies. This involves formulating concrete action plans to reduce the probability of risks occurring, mitigate their impact if they do occur, or even avoid the risks entirely. These strategies may involve investing in climate-resilient infrastructure, diversifying supply chains, using eco-friendly technologies, or other adaptation policies.



INTEGRATION INTO OVERALL RISK MANAGEMENT

Climate risk identification, assessment, and management processes are integrated into APP's overall risk management framework. This is carried out by incorporating climate-related risks into the existing risk management framework, ensuring that these risks are comprehensively considered in strategic decision-making, operational planning, and resource allocation.



By integrating climate-related risk management into overall risk management, APP can be more responsive to the challenges posed by climate change. These steps help us minimize our vulnerability to these risks and ensure sustainable operational continuity in an ever-changing environment. APP is currently in the process of conducting financial calculations to establish climate-related risks and opportunities. [GRI 201-2]

GRIEVANCE MECHANISM

APP has established a policy that allows stakeholders to raise concerns about the company in an open and transparent manner. This policy aims to create an effective communication channel between the company and its stakeholders, enabling constructive feedback and input. The grievance mechanism is available 24/7 through the Integrated Call Center (ICC), accessible to both internal and external stakeholders. Reports are directly managed by the Corporate Risk and Integrity (CRI) division.

The CRI team, consisting of officers and investigators, holds technical certifications and receives regular training to enhance their skills in triage, investigation, and reporting processes. In line with SRV 2030, the report handling process is targeted to be completed within a maximum of 90 days. During the reporting year, APP received 171 reports, and all reports have been followed up. Of the total reports, 75 were deemed unfounded due to insufficient evidence. [G.1.2.3][G.1.2.6]

Furthermore, during meetings with stakeholders, APP actively seeks their input and opinions. This approach not only enhances the company’s transparency and accountability but also enables a better understanding of the needs and expectations of stakeholders, allowing them to be better integrated into the company’s policies and practices.

APP has established a whistleblowing system to enable internal and external stakeholders to report suspected violations

of company policies and procedures. This system is crucial not only for preventing and detecting violations but also for safeguarding company assets, upholding the company’s reputation, and enhancing accountability and transparency. The system is accessible to employees, suppliers, contractors, customers, and the public. We are committed to following up on all reported violations in a detailed and fair manner. APP also guarantees the confidentiality of the whistleblower’s identity and the information reported.

Whistleblowers are also protected from retaliation.[G.1.2.2][G.1.2.4] [G.1.2.5] [G.1.2.8]

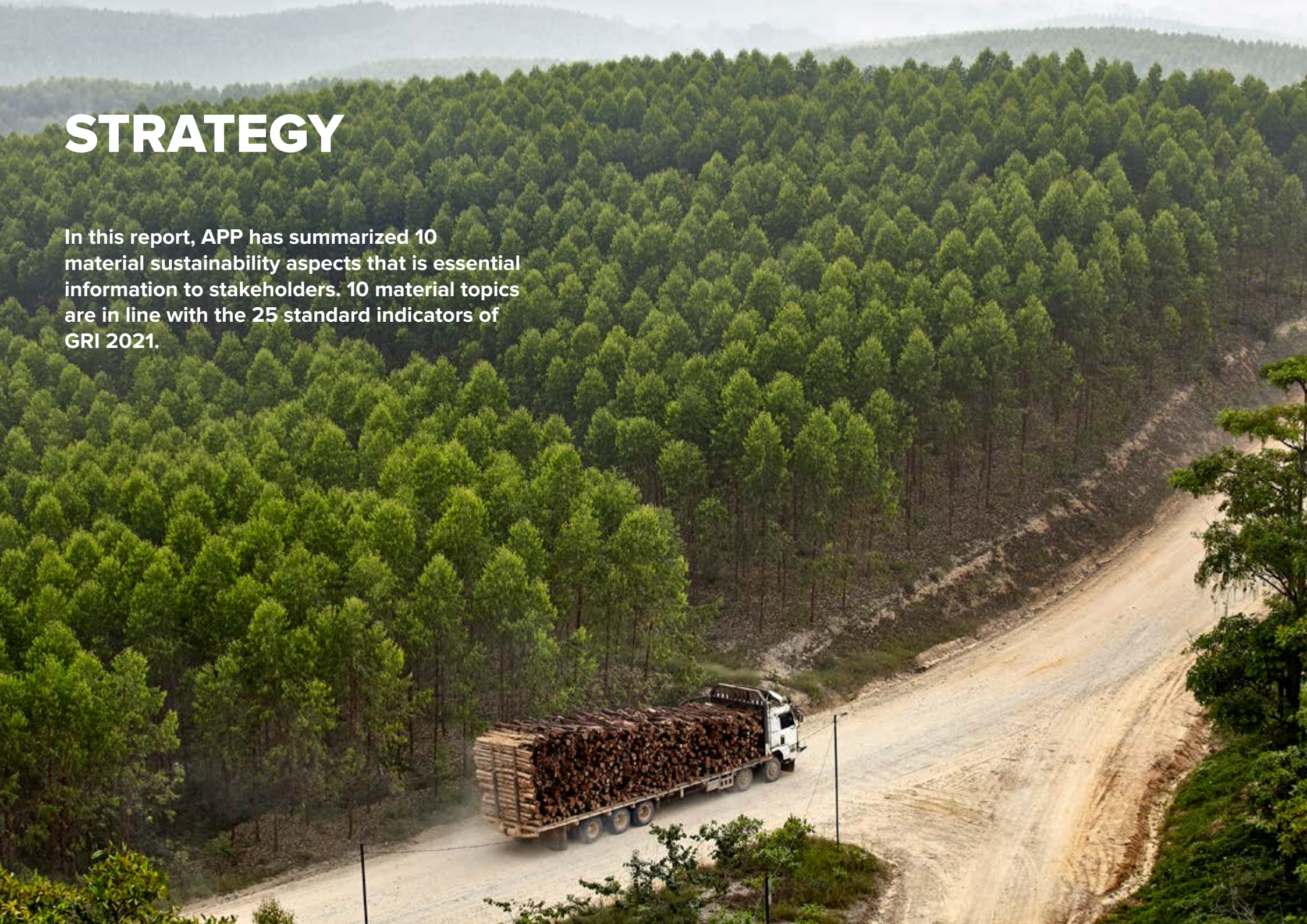


[OJK F.24]

Description	2021	2022	2023
Concerns Received	62	68	171
In Initial Assessment Process	10	0	0
Cases Closed	27	41	75
Management Action	20	25	76
Ongoing Investigations	5	2	11

STRATEGY

In this report, APP has summarized 10 material sustainability aspects that is essential information to stakeholders. 10 material topics are in line with the 25 standard indicators of GRI 2021.



STRATEGY

SUSTAINABILITY ROADMAP: VISION 2030

SRV 2030 is APP's comprehensive multi-year sustainability strategy aimed at contributing to reducing and mitigating the risks of global climate change.

It outlines key impacts relevant to our stakeholders across our businesses and wider supply chain, with ambitious targets across three pillars (production, forest and people) and mapped to international and national Sustainable Development Goals.

SRV2030
Sustainability Roadmap Vision

SUSTAINABILITY PERFORMANCE INDEX FOR MILLS AND FORESTS

APP monitors its sustainability performance across its operations through its in-house “Sustainability KPI Index” – the Index serves as a valuable tool for tracking key parameters that reflect the company's commitment to sustainability, including resource efficiency, environmental practices, employee well-being, community engagement, etc. For each parameter, clearly defined KPIs are established, providing clear guidance on what needs to be achieved.

The company regularly assesses its achievements in various predefined sustainability aspects both quarterly and annually, with the results thoroughly discussed with both operations and

management teams. These evaluations extend beyond simply assessing target achievement; they also delve into identifying opportunities for improvement and innovation that can further enhance the positive impact on sustainability. The Sustainability KPI Index plays a crucial role in linking employee and collective organisational wide performance to the achievement of the SRV 2030 targets.

APP firmly believes that this comprehensive approach empowers the company to effectively measure its progress towards its sustainability goals while ensuring that it remains on track to achieve them. The SRV 2030 targets are meticulously defined, monitored, and evaluated through its respective pillars.

PRODUCTION

Target

Progress in 2023 [E.1.2.9] [E.1.2.10]

Increase the share of renewable energy in the energy mix



30% reduction in carbon intensity based on the 2018 baseline
[E.1.1.5] [E.1.7.0.3] [RR-PP-110a.2]



1.02 tCO₂e/ton of product
11% reduction compared to baseline

Increase the use of renewable fuels
by 50% from 2018 baseline [E.1.1.5] [E.1.8.1] [E.1.8.2]



168,122,335 GJ out of 291,722,207 GJ total energy
58% renewable fuels from the total use of energy sources

25% reduction in energy intensity
from the 2018 baseline [E.1.1.5]



24.71 GJ/ton-product
3.1% energy reduction from 2018 baseline data

30% reduction in water intensity
from 2018 baseline [E.1.1.4]



27.3 m³/ ton-product
17% reduction from the 2018 baseline data

30% COD emissions lower than government regulations* [E.1.1.5]



267.7 mg/ltr out of 350 mg/ltr
24% lowest across all our mills; lower than government regulations

Zero waste to landfill [E.1.1.5] [E.1.3.2.2] [E.1.3.2.3]



Zero waste to landfill



209,533 tons of waste to landfill
60% reduction in tons of waste to landfill from 2018 data

Increase recycled fiber composition



Minimum 30% recycled fiber composition



3,083,887 tons out of 6,480,129 tons
48% recycled fiber

Increase product biodegradability and resource efficiency







At least one new biodegradable product



Product introduction to global brand owners is ongoing and commercialization has commenced globally (launch, sales commenced)

Achieved On track In progress

FOREST

Target	Progress in 2023 [E.1.2.9] [E.1.2.10]	
Source only from certified Sustainable Forests and increase fiber productivity		
Maintain 100% of operating units achieving voluntary Sustainable Forest Management (SFM) certification by 2030		All (100%) of APP's Sustainable Forest Management Units (FMUs) (40 FMUs) have been verified to voluntary certification readiness schemes, with 36 FMUs IFCC-PEFC certified.
Mean annual increment of 12 ADT/ha/year by 2030**		7.0 ADT/ha/year
Conserve HCS (High Carbon Stock) forests and HCV (High Conservation Value) forests and continue restoration efforts [E.1.1.1]		
95% of natural forest concessions will be maintained in good condition by 2030		Maintaining 85% of natural forests in good condition
Conserve critical peatland ecosystems [E.1.1.1]		
100% of critical peat dome areas are restored		99% of critical peat dome areas have been restored
Protect Indonesia's flora and fauna, focusing on three priority wildlife species and ten species of rare trees [E.1.1.1]		
Three animal species and ten tree species are conserved and protected		Monitoring minimum 42 Sumatran Tigers, 132 Sumatran Elephants, 17 Orangutans. Repopulated 4 tree species in conservation areas: Balangeran, Ulin/Bulian, Kulim, and Ramin.
Reduce the number of human-wildlife conflicts with fatalities involving endangered species within concession areas to no more than 10% of the total number of fatal conflicts in the province by 2030.		Conflicts with fatalities occurring within concessions at 50%.
Reduce the number of poaching tools found in concessions by 90% compared to the 2019 baseline		91% reduction in illegal wildlife poaching tools found in concessions.
Maintain fire-impacted areas below 2% [E.1.1.1]		
Less than 2% of total concession areas impacted by fire		0.008% of total concession area impacted by fire.

🎯 Achieved 📍 On track ⚙️ In progress

Notes:
(*) Chemical Oxygen Demand (COD) is a parameter measuring the total organic matter in water. High COD depletes oxygen in water bodies, disrupting aquatic ecosystems.
(**) Average Dry Ton (ADT) is a unit of measurement for forest productivity

PEOPLE

Target

Progress in 2023 [E.1.2.9] [E.1.2.10]

Reduce land conversion for agriculture purposes with the use of fire [E.1.1.1]



Reduce 75% of fire incidents in DMPA (Integrated Forestry and Farming System)



90% reduction in fires in DMPA villages achieved

Resolve 75% of conflicts



67% of conflicts resolved

Respect the rights of local communities and Indigenous people through increased multi-stakeholder engagement



Increase 30% partnerships with community groups and other key stakeholders in APP operations.



Partnerships with 3,756 community groups by the end of 2023, an increase of 43% compared to the 2020 baseline

Increase the number of women in management positions



30% of senior management positions at APP headquarters are held by women



27.46% of women hold senior management positions at APP Headquarters

Strengthen organizational capabilities



2,500 participants in the APP People Development Program



217 participants in People Development Programs, such as Management Trainee, Graduate Trainee, and ITSB Program

Reduce lost time injury frequency rate (LTIFR) to below 1



0.77 LTIFR in Forestry



0.91 LTIFR in Mills

Best practices for fraud reporting and managing whistleblowing reports.



Average number of days for handling whistleblower reports is 90 days



44 days average in handling whistleblower reports

Best practices to ensure compliance with the Business Code of Ethics



All APP employees, independent supplier companies, and outsourcing companies are aware of and comply with APP Business Code of Conduct.



76% of employees have attended training and passed the post-test training passing grade.



100% of independent suppliers have been communicated with and signed the SCoC document.



79% of outsourcing suppliers have been communicated with and signed the SCoC document.

75% alignment of business processes with APP BCoC



Implementation and integration of BCoC Principles - Gift & Entertainment, Anti-Bribery & Corruption, and Whistleblower Program to all APP employees - Indonesia & IBOs.

MATERIALITY

APP has developed an assessment system to identify and prioritize the most critical issues that align with its group-level business strategy and material across its subsidiaries.

This assessment relies on valuable input from key stakeholders and conducted through a materiality evaluation to identify Economic, Environment and Social aspects for annual performance and reporting disclosure.

Recognizing the dynamic nature of the social and environmental landscape, APP continuously adapts its strategies and operations to remain relevant and responsive. Thus, the aforementioned is APP's approach in elevating its transparency meeting regulatory and industry best practise standards.

The material topics in this report were determined in accordance with GRI standards, by applying the following four principles:



STAKEHOLDER INCLUSIVENESS.

APP engages stakeholders by incorporating relevant topics, as well as topics required by OJK. The process of determining material topics was conducted in 2022 through a survey distributed to various stakeholders, including employees, government officials, partners, etc. These surveys included a series of structured questions to gather meaningful feedback on the priority topics for public reporting. The response rate to these surveys was significant, with 50% of the targeted respondents providing their responses. APP highly values the feedback received and considers it as important in shaping the materiality framework and reporting practices. The survey results played a crucial role in selecting and refining the material topics to be included in the 2023 report.



SUSTAINABILITY CONTEXT

This sustainability report covers priority topics related to sustainability, namely economic, environmental, and social aspects.



MATERIALITY

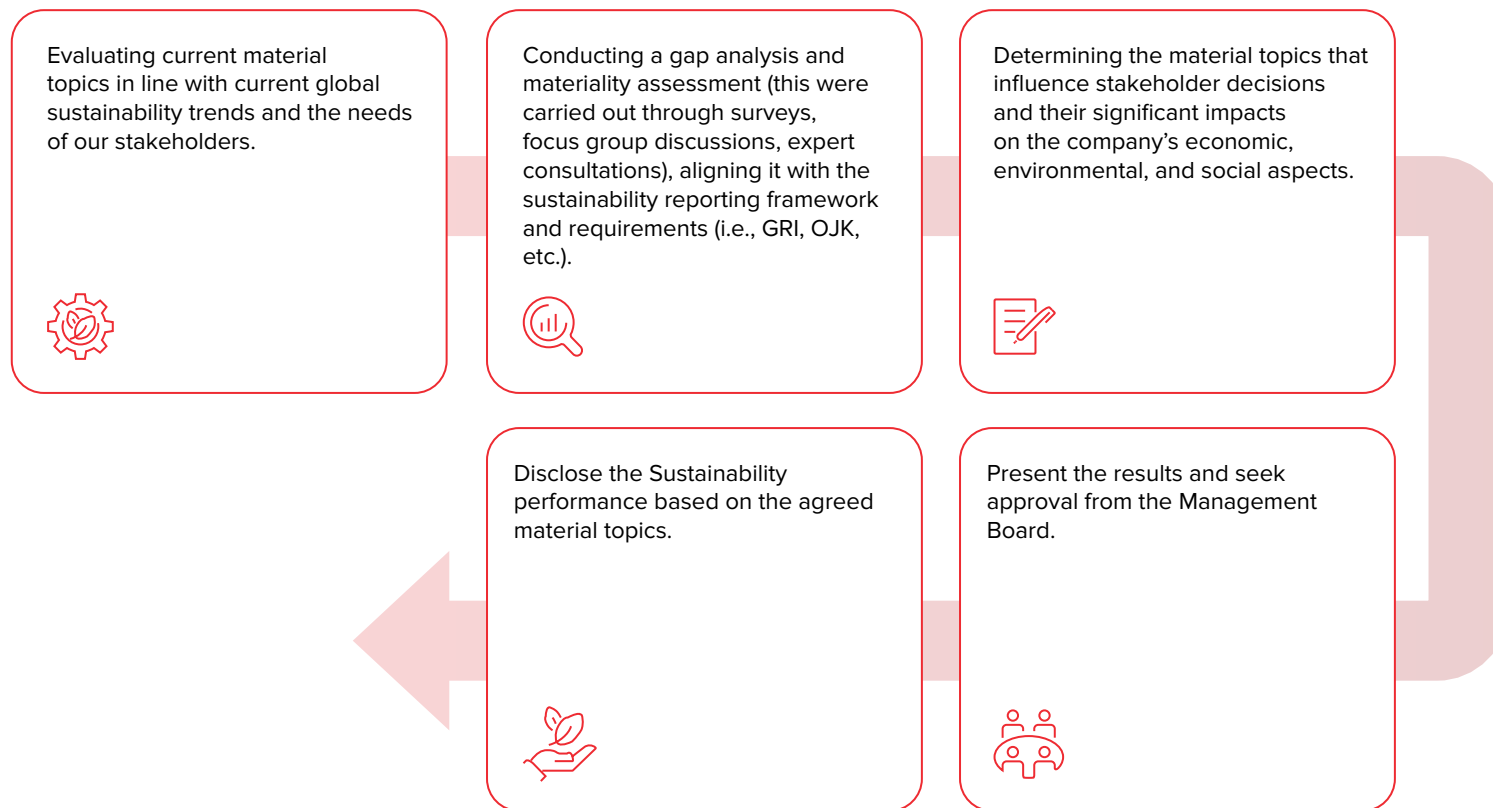
The topics presented in this report are significant issues that can influence stakeholder decisions and organisational impact.



COMPLETENESS

APP ensures that this report clearly discloses economic, environmental, and social impacts useful for stakeholders in decision-making.

The following is a chart of the material topic determination process:



The company systematically identifies material topics as an integral part of determining the scope of disclosure in this report that meets the interests of stakeholders. The material topics disclosed in the report are in parallel with, and supports, the SRV 2030 plan's and target's, including commitments, key initiatives, and achievements to be met. The determination of material topics is carried out by considering the aspects of positive and negative impacts, as well as their significance for the company's sustainability and taking into account stakeholder concern.

The company involves internal and external stakeholders in this process to ensure the identification of significant material topics for the company's strategic direction, sustainability performance and reporting.

Based on the results of the various stakeholder engagement and operational impacts significance to both the company and stakeholders, the following material topics are identified for disclosure:

- 1 Economic Impact
- 2 Material Use
- 3 Safeguarding Biodiversity
- 4 Water and Waste Management
- 5 Climate Resilience
- 6 Sustainable Forest Management
- 7 Responsible Supply Chain
- 8 Creating Social Value
- 9 Employee Welfare
- 10 Sustainability Governance





ECONOMIC IMPACT
Importance: Our economic impact creates and maintains value-added for all stakeholders.

MATERIAL TOPICS

APP summarized 10 material sustainability aspects deemed important to stakeholders for disclosure. These material topics are disclosed in accordance with GRI standard’s topic, totalling 25 perimeters. We have mapped our material aspects in more detail to GRI topics, as can be seen below:

Impacted Stakeholders	Material Topic(s) and GRI	Key Issues	Policies
1. Investors	1. Economic Performance [GRI 201]	1. Financial Performance and Taxation	1. Anti-Bribery and Anti-Corruption Policy
2. Government	2. Tax [GRI 207]		2. Governance Policy
3. Suppliers			
4. Customers			
5. Local Communities			
6. Media			

Strategies, Monitoring and Evaluation:

- 1

Monitoring internal and external changes and developments to adapt to the pandemic through joint management plans with reliable human resources.
- 2

Meeting target metrics for material topics.

MATERIAL USE

Importance: Disclosing material use allows companies to track their environmental footprint and identify areas for improvement. It can also help them comply with regulations that are increasingly requiring companies to report on their use of resources. The disclosure also builds trust with consumers who increasingly want to know about the environmental and social impact of the products they buy.



Impacted Stakeholders	Material Topic(s) and GRI	Key Issues	Policies
1. Government	1. Material Use [GRI 301]	1. Product Responsibility	1. Fiber Procurement and Processing Policy
2. Employees		2. Certification	2. Environmental Policy
3. Suppliers		3. Fiber Sources	3. Business Code of Conduct
4. Local Communities		4. Supplier Environmental Assessment	4. Supplier Code of Conduct
5. Investors			

Strategies, Monitoring and Evaluation:

- 1

Identify the most critical materials based on factors like environmental impact, scarcity, and cost.
- 2

Using less material to create a product.
- 3

Replacing high-impact materials with more sustainable alternatives.
- 4

Optimizing processes to minimize material waste.
- 5

Meeting target metrics for material topics.

SAFEGUARDING BIODIVERSITY

Importance: Biodiversity is crucial for maintaining the health of ecosystems that support all life on earth. The loss of biodiversity can have significant impacts on human health if ecosystem services are no longer adequate to meet social needs.

Impacted Stakeholders	Material Topic(s) and GRI	Key Issues	Policies
1. Government	1. Biodiversity [GRI 304]	1. High Conservation Value/ High Carbon Stock	1. Environmental Policy
2. Local Communities		2. Wildlife Protection	2. Forest Conservation Policy
3. NGOs		3. Restoration	3. Corporate Social Responsibility Policy
4. Media			4. Fiber Procurement and Processing Policy
5. Industry Associations			

Strategy, Monitoring, and Evaluation:

- 1

Using a landscape approach to protect and restore natural forests in concession areas.
- 2

Implementing HCV/HCS assessments.
- 3

Establishing nurseries for local tree species, in collaboration with local communities, as part of community empowerment programs.
- 4

Protecting natural forests through regular security patrols and specialist technology.
- 5

Monitoring changes in forest land cover through satellite imagery.
- 6

Conducting snare removal operations with stakeholders to clear up snares that endanger key species.
- 7

Mitigating human-wildlife conflicts, together with local Natural Resource Conservation offices and other organizations, within and around our suppliers' concession areas.
- 8

Supporting and facilitating animal relocation in conflict areas.
- 9

Fulfilling target metrics for material topics.

WATER AND WASTE
MANAGEMENT

Importance: Water and waste management is crucial for protecting our environment and ensuring that we make the most efficient use of our resources.



Impacted Stakeholders	Material Topic(s) and GRI	Key Issues	Policies
1. Government	1. Water & Effluents [GRI 303]	1. Water efficiency	1. Environmental Policy
2. Customers	2. Waste [GRI 306]	2. Waste and materials	2. Fiber Procurement and Processing Policy
3. Local Communities			
4. Media			
5. Industry Associations			

Strategy, Monitoring, and Evaluation:

- 1

Optimizing wastewater recovery systems and reducing fiber loss.
- 2

Monitoring water consumption.
- 3

Revitalizing equipment in the watering system.
- 4

Fulfilling target metrics for material topics.

CLIMATE RESILIENCE

Importance: The detrimental impacts of climate change on our economy, environment, and society are already immense and are projected to worsen in the future. By bolstering our resilience, we can mitigate the negative consequences of climate change and adapt to the shifts that have already occurred.

Impacted Stakeholders	Material Topic(s) and GRI	Key Issues	Policies
1. Government	1. Energy [GRI 302]	1. Energy Efficiency	1. Environmental Policy
2. Customers	2. Emissions [GRI 305]	2. Renewable Energy	2. Forest Conservation Policy
3. Local Communities		3. Carbon Footprint	3. Governance Policy
		4. Emissions	

Strategy, Monitoring, and Evaluation:

- 1 Monitoring and evaluating activities and/or portfolios with the potential to generate or contribute to Scope 1, 2, and 3 GHG emissions in accordance with pre-defined targets.
- 2 Conducting studies of potential internal carbon insetting.
- 3 Implementing various energy efficiency initiatives.
- 4 Fulfilling target metrics for material topics.

SUSTAINABLE FOREST MANAGEMENT (SFM)

Importance: Sustainable Forest Management is crucial for preserving the health and resilience of forests and meeting the needs of present and future generations. SFM promotes responsible forest management practices, such as conservation, regeneration, and social engagement.

Impacted Stakeholders	Material Topic(s) and GRI	Key Issues	Policies
1. Government	1. Supplier Environmental Assessment [GRI 308]	1. Forest Fires	1. Forest Conservation Policy
2. Local Communities		2. Peatland Management	2. Environmental Policy
3. NGOs			3. Fiber Procurement and Processing Policy
4. Media			4. Corporate Social Responsibility Policy
5. Industry Associations			

Strategy, Monitoring, and Evaluation:

- 1

Supplier Evaluation and Risk Assessment (SERA) and other tools facilitate the screening of pulpwood suppliers, ensuring compliance with SRV 2030 and Forest Conservation Policy.
- 2

Working towards 100% automation in our nursery operations and planting processes to achieve consistent and uniform tree growth and health.
- 3

Ensuring that purchased fiber is certified under sustainable forest management schemes.
- 4

Implementation of the Integrated Sustainable Forest Management Plan (ISFMP).
- 5

Utilizing precision forestry concepts, including the use of unmanned aerial vehicles (UAVs).
- 6

Implementing best peatland management practices.
- 7

Implementing an integrated fire management strategy.
- 8

Fulfilling target metrics for material topics.

Impacted Stakeholders	Material Topic(s) and GRI	Key Issues	Policies
1. Government	1. Procurement Practices [GRI 204]	1. Product Responsibility	1. Fiber Procurement and Processing Policy
2. Suppliers	2. Materials [GRI 301]	2. Certification	2. Environmental Policy
3. Customers	3. Supplier Environmental Assessment [GRI 308]	3. Fiber Sources	3. Business Code of Conduct
	4. Marketing and Labelling [GRI 417]	4. Supplier Environmental Assessment	4. Supplier Code of Conduct
			5. Corporate Social Responsibility Policy
			6. Human Rights Policy

RESPONSIBLE SUPPLY CHAIN

Importance: Responsible supply chain management is crucial for sustainable development as it ensures that all products and services are produced and delivered ethically, with minimal negative impact on the economy, environment, and people.



[GRI 3-3]

Strategy, Monitoring, and Evaluation:

- 1

Conducting all aspects of due diligence related to sustainability of customers/potential customers, including through Sustainability Due Diligence (SDD), Enhanced Sustainability Due Diligence (ESDD), and Sector Guidance.
- 2

Providing an Action Plan to customers/potential customers who do not meet the Financial Institutions's minimum sustainability requirements.
- 3

Continuously encouraging customers/ potential customers to adopt and implement sector-specific best practices for sustainability.
- 4

Identifying and classifying Bank's portfolio based on sustainability risks, sustainable business activity categories, and categories of products and services with environmental, social, and sustainable impacts (Green Social Sustainable Impact Products and Services), and the Indonesia Green Taxonomy.
- 5

Integrating and mainstreaming the implementation of No Deforestation, No Peat and Exploitation (NDPE) through Sector Guidance.
- 6

Fulfilling target metrics for material topics.

CREATING SOCIAL VALUE

Importance: Creating social value has the potential to impact the surrounding communities.

Impacted Stakeholders	Material Topic(s) and GRI	Key Issues	Policies
1. Local Communities	1. Indirect Economic Impacts [GRI 203]	1. Community Empowerment	1. Corporate Social Responsibility Policy
2. NGOs	2. Local Communities [GRI 413]	2. Conflict Resolution	2. Grievance Policy
3. Media			3. Human Rights Policy
4. Academic Institutions			
5. Industry Associations			

Strategies, Monitoring and Evaluation:



- 1

Providing long-term sustainable livelihood enhancement to communities and fostering good relations between the Company and communities.
- 2

Conducting Social Impact Studies (SIS) to help determine suitable empowerment programs for specific areas.
- 3

Community empowerment through integrated programs (i.e., Desa Makmur Peduli Api - DMPA) with environmental conservation efforts and directly synergized with fire prevention efforts.
- 4

Encouraging multi-stakeholder partnerships with communities to prevent and resolve land disputes.
- 5

Meeting target metrics for material topics.

EMPLOYEE WELFARE

Importance: Employee welfare is crucial to promote a healthy and productive work environment. Investing in our employees is not only the right thing to do but can also lead to increase productivity and profitability for APP.

Impacted Stakeholders	Material Topic(s) and GRI	Key Issues	Policies
1. Government	1. Market Presence [GRI 202]	1. Health and Safety	1. Human Rights Policy
2. Employees	2. Employment [GRI 401]	2. Employee Welfare	2. Health and Safety Policy
3. Contractors	3. Labor or Management Relations [GRI 402]	3. Education and Training	3. Supplier Code of Conduct
	4. Occupational Health and Safety [GRI 403]		4. Speak Up Policy
	5. Training and Education [GRI 404]		5. Whistleblower Protection Policy
	6. Child Labor [GRI 408]		
	7. Force or Compulsory Labor [GRI 409]		
	8. Security Practices [GRI 410]		

Strategies, Monitoring and Evaluation:

- 1

Creating an environment that fosters collaboration and values employees by recognizing and rewarding success and career development programs.
- 2

Providing a confidential service for employees to report discrimination anonymously or other concerns to our team at our Integrated Call Center.
- 3

Managing health and safety at individual mill level allowing best-suited procedures to sites.
- 4

Maintaining the CSMS Program for our contractors working in medium to high-risk areas.
- 5

Employee training.
- 6

Meeting target metrics for material topics.



SUSTAINABILITY GOVERNANCE

Importance: Sustainability governance is crucial to ensure that APP’s sustainability initiatives align with its overall business strategy and values. By implementing effective sustainability governance, APP can reduce its environmental and social impacts, increase transparency and accountability, and build trust with stakeholders, which can lead to enhanced reputation, resilience, and long-term success.



Impacted Stakeholders	Material Topic(s) and GRI	Key Issues	Policies
1. Government	1. Anti-corruption [GRI 205]	1. Business Ethics	1. Governance Policy
2. Employees	2. Diversity and Equal Opportunity [GRI 405]	2. Diversity and Equal Opportunity	2. Anti-Bribery and Anti-Corruption Policy
3. Suppliers	3. Non-Discrimination [GRI 406]	3. Non-Discrimination	3. Grievance Policy
4. Contractors	4. Security Practices [GRI 410]		4. Human Rights Policy
5. Industry Associations	5. Public Policy [GRI 415]		

Strategies, Monitoring and Evaluation:

- 1

Maintaining our four-pillar approach to overseeing ethics and risk management consisting of asset protection, integrity management, fraud prevention, and business ethics.
- 2

Documenting our integrity strategy through the Business Code of Conduct (BCoC).
- 3

Conducting regular internal and external audits and assessments to ensure cost-saving measures and potential training to improve the Company’s efficiency.
- 4

Striving to achieve our target of having 30% female employees at the management level or above.
- 5

Meeting target metrics for material topics.

PERFORMANCE

We believe that management will continue to focus searching for opportunities in elevating company performance and strengthen its position as Indonesia's reliable pulp, tissue, and paper producer.



PERFORMANCE

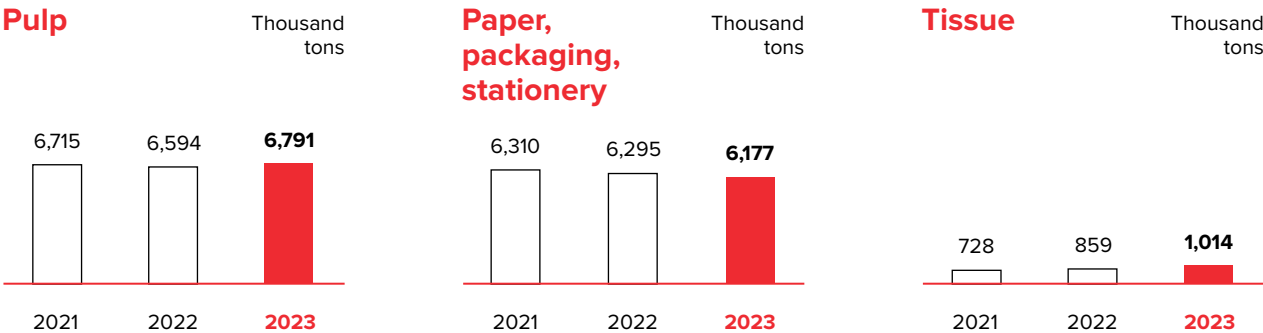
Throughout 2023, the Board of Directors has steered the company with prudence and agility, navigating economic turbulence while simultaneously enhancing the efficiency of business operations to maintain its sustainability meeting market demand. In this effort, the company's management has implemented a series of strategic initiatives to streamline operations and optimize the utilization of available resources without jeopardizing its sustainability impact commitments. Having a strategy that is focused on the relatively resilient Asian and domestic markets, coupled with penetration into prospective new markets, has bolstered positive horizon ahead.





ECONOMY


ECONOMIC PERFORMANCE HIGHLIGHTS


Quantity of Production [OJK B.1.a]



 APP's net sales in 2023 dropped by 10% or approximately US\$ 1 billion compared to 2022.

 51% drop in net income to US\$ 1.4 billion.

 Pulp, paper, and tissue production dropped by 2% to 13.9 million tons, or 233 thousand tons lower than in 2022.

 APP paid taxes of US\$ 289.87 million to the Indonesian Government.

	Unit	2021	2022	2023
Net Sales [OJK B.1.b]	Billion USD	8.2	9.5	8.5
Net Income [OJK B.1.c]	Billion USD	1.6	2.8	1.4
Eco-friendly products [OJK B.1.d]		Foopak Bio Natura	Foopak Bio Natura	Foopak Bio Natura
Percentage of local suppliers [OJK B.1.e]	%	96%	91%	94%

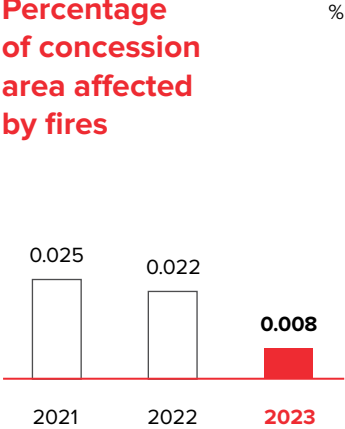
[OJK B.1]

ENVIRONMENT

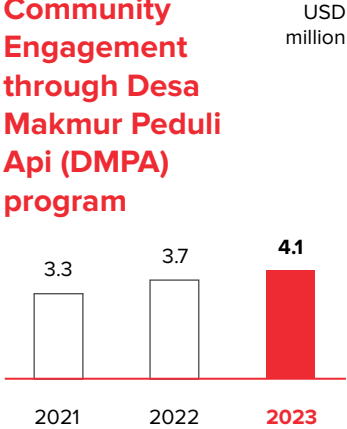
UPSTREAM

Forests and Biodiversity [OJK B.2.d]

Percentage of concession area affected by fires



Community Engagement through Desa Makmur Peduli Api (DMPA) program



Installing GPS collars on elephants to track their movement routes in real-time to help mitigate negative human-elephant interactions.



Using better nursery mediums with fiber cells, which are more environmentally friendly as they do not produce plastic waste.



Utilizing the latest technology and digitalization to optimize operations: modern nurseries, solar panels, seed clones, the use of Artificial Intelligence and drones.



Consistent implementation of the Integrated Fire Management (IFM) System, training and education on fire prevention for local communities and company staff. The percentage of concession areas affected by fires was 0.008%, a 64% decrease compared to 2022.



441 villages have benefited from the DMPA program with a total of ±87,500 beneficiaries.



As of 2023, the total area of peat dome restoration has reached 99% of SRV 2030 target.



Land dispute resolution has reached a level of 67%.



Implementing the Supplier Evaluation and Risk Assessment (SERA) system to ensure all APP's wood fiber suppliers comply with and adhere to the company's fiber procurement and management policies.

	2021	2022	2023
Suppliers that meet the PEFC scheme and are certified by PHL-VLK (Timber Legality Verification System/SVLK)	100%	100%	100%
Industrial forest plantation wood from sustainably managed forests evaluated through the SERA implementation process	100%	100%	100%
Percentage of land disputes resolved	61%	63%	67%

Business units receiving the PROPER Blue rating:

- ✓

Riau Abadi Lestari
- ✓

Satria Perkasa Agung
- ✓

Wirakarya Sakti
- ✓

Finnantara Intiga
- ✓

Sumalindo Hutani Jaya

Biodiversity conservation:

Monitoring of:

- ✓

42 Sumatran Tigers
- ✓

132 Sumatran Elephants
- ✓

17 Orangutans

Repopulation of 4 tree species in conservation areas:

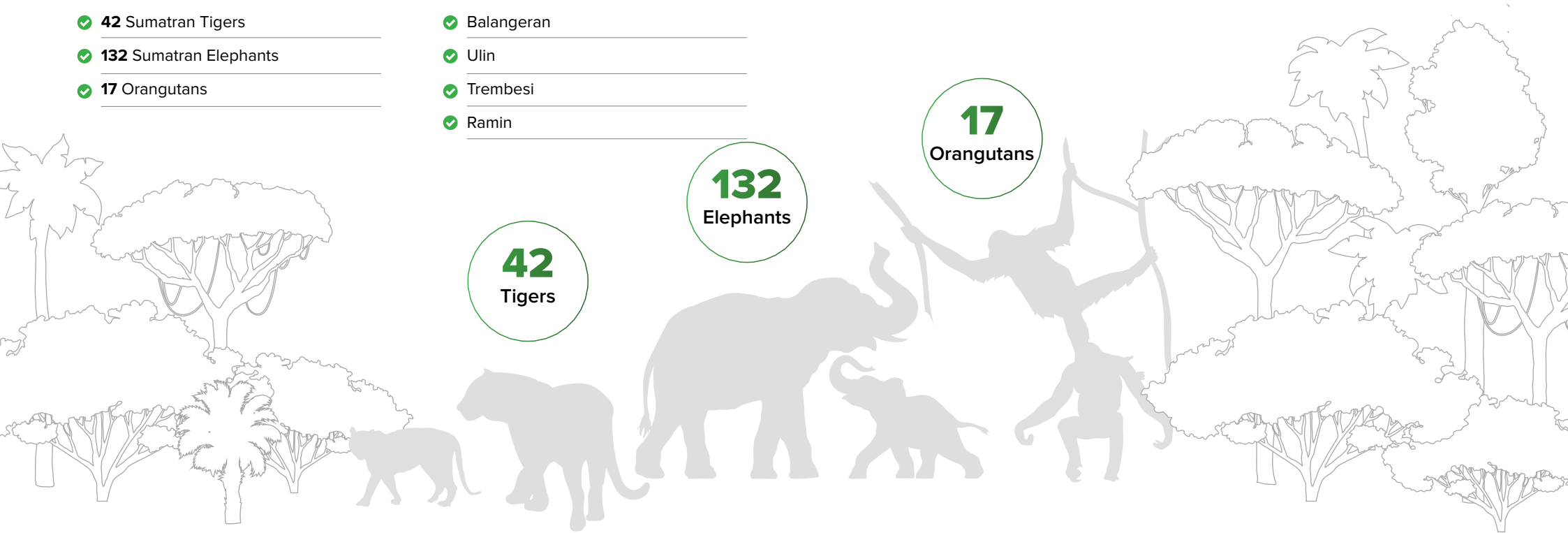
- ✓

Balangeran
- ✓

Ulin
- ✓

Trembesi
- ✓

Ramin



DOWNSTREAM

INPUT

RAW MATERIALS

Pulpwood
24,293,977 Tons








Virgin Fiber/Plantation Fiber [RR-PP-000.C]

Local	Import
3,045,600 Tons	350,642 Tons

Packaging	Chemicals
1,209,971 Tons	4,427,198 Tons

Recycled Fiber
3,083,887 Tons

Business units receiving the PROPER Blue award:

-  Indah Kiat Perawang
-  Tjiwi Kimia
-  Purinusa Ekapersada Subang
-  Indah Kiat Serang
-  Purinusa Ekapersada Semarang (Bawen)
-  Lontar Papyrus
-  Purinusa Ekapersada Demak



Indah Kiat Serang mill installed an Anaerobic Waste Water Treatment (WWT) #2 to produce biogas (methane gas) as a renewable energy source. The biogas is then used as fuel in a biogas boiler to generate steam supplied to the Stock Preparation (SP) / Paper Machine (PM) production unit. The use of biogas increased by 25% compared to 2019.



98% of the energy sources at the OKI mill come from renewable sources.



Indah Kiat Tangerang mill collaborated with the Tangerang Regency Government in managing the Ketapang mangrove area. In this activity, the Tangerang mill planted a total of 150,000 Avicennia marina mangrove trees from 2018-2023. This program aims to protect the northern coastal areas from erosion.



The bottom ash waste from the coal combustion process at the power plant is utilized by Tjiwi Kimia mill for producing multiblock and received recommendations from relevant government agencies.

PROCESS

WATER

Total Water Consumption	Use of Reuse and Recycled Water
265,945 ML	49,211 ML

ENERGY

Renewable Energy Sources	Non-Renewable Energy Sources
168,122,335 GJ	123,599,872 GJ

Energy Intensity
24.71 GJ/ton of product

OUTPUT

PRODUCTION

Pulp 6,791,000 Tons [RR-PP-000.A]	Paper 6,177,000 Tons [RR-PP-000.B]
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Tissue 1,014,000 Tons	Chemicals 5,555,955 Tons
---------------------------------	------------------------------------

Converted Products
1,798,536 Tons

WASTE

Hazardous Waste Generated 832,149 Tons	Non-Hazardous Waste Generated 686,742 Tons
--	--

EMISSIONS

Scope 1 11,535,826 tCO₂e	Scope 2 (Market based) 503,397 tCO₂e
Scope 3 9,525,559 tCO₂e	Emission Intensity (Scope 1 & 2) 1.02 tCO₂e/tons product

WATER

COD 100.9 mg/l	AOX 0.4 mg/l
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TSS 24.8 mg/l	BOD 28.9 mg/l
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AIR

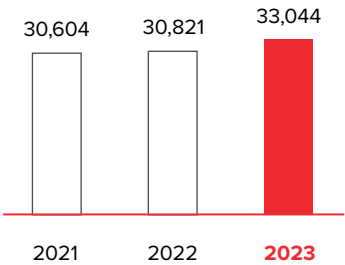
NO ₂ 153.11 mg/Nm³	SO ₂ 132.03 mg/Nm³
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Particulate
63.91 mg/Nm³

SOCIAL

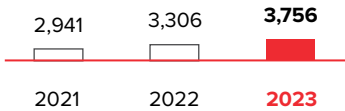
Training and Dissemination

Total employees



CE Program

Community group and partner engagement



	2021	2022	2023
EMPLOYEES			
Percentage of women in senior management	24.5%	26.43%	27.46%
TRAINING AND DISSEMINATION			
Average training hours (hours/employee)	24	13	5
CE PROGRAM			
Total CE program beneficiaries	583,222	616,000	404,755



Implementation of Human Rights Due Diligence (HRDD) at OKI mill and suppliers of Bumi Andalas Permai. We plan to continue implementing HRDD in all our mills annually.



PT Indah Kiat Pulp & Paper Tbk received the PRISMA (Business and Human Rights Risk Assessment) award from the Ministry of Law and Human Rights. The award recognizes the company's leadership and commitment to implementing high human rights standards.



Prioritizing comprehensive health services for employees by providing sports facilities, health programs, and hosting various health-related webinars and seminars, covering topics such as nutrition, stress management, hygiene, and mental health promotion.



Developing a comprehensive Diversity, Equity, and Inclusion (DEI) Roadmap and preparing to establish a DEI committee consisting of employees from various levels, including senior management and the Board of Directors, to ensure that DEI values are embedded throughout the company.



Our CE program empowers communities, builds strong relationships, aligns with UN SDGs, and measures success through monitoring and social return on investment.



17 villages received PROKLIM award in supporting waste management programs and environmental conservation efforts.

RECOGNITIONS

As proof of APP's credibility, we have compiled awards and certificates given from credible institutions. In addition, APP has involved local communities in multiple events and betterment programs throughout the year.



KEY RECOGNITION AND PARTICIPATION IN 2023

AWARDS

January

Tjiwi Kimia

HIV/AIDS Prevention and Control

February

IKPP

Best Local Currency *Sukuk* of the year (2022)

March

IKPP

Best Partner of MoEF in 2023

April

LPPPI

1st Winner of Paritrana Award (Employment Social Security Award) at Jambi Provincial Level 2022 Category of Large-Scale Companies in the Agriculture, Animal Husbandry, Plantation and Fisheries Sector

May

Tjiwi Kimia

Indonesia Green & Sustainable Companies Awards (IGSCA) 2023

Month	Award	Organizer	Category	Business Unit
January	HIV/AIDS Prevention and Control	Governor of East Java	Corporate	Tjiwi Kimia
February	Occupational Safety and Health Advisory Committee (K3) 2023-Platinum category	Banten Provincial Government	Corporate	IK Tangerang
February	Best Local Currency <i>Sukuk</i> of the Year (2022)	Alpha Southeast Asia	Corporate	IKPP
February	COVID-19 Prevention and Management Program Award in the workplace - Platinum Category	Banten Provincial Government	Corporate	IK Tangerang
February	P2HIV & AIDS Program Award - Platinum Category	Banten Provincial Government	Corporate	IK Tangerang
March	Best Partner of MoEF in 2023	Ministry of Environment and Forestry	Corporate	IKPP
April	1st Winner of Paritrana Award (Employment Social Security Award) at Jambi Provincial Level 2022 Category of Large-Scale Companies in the Agriculture, Animal Husbandry, Plantation and Fisheries Sector	BPJS Employment	Corporate	LPPPI
May	Indonesia Green and Sustainable Award PT. Indah Kiat (Perawang, Serang, Tangerang)	SWA	Corporate	IK Perawang
May	Bisnis Indonesia Award / Forestry & Paper Category	Bisnis Indonesia	Corporate	IKPP
May	Indonesia Green & Sustainable Companies Awards (IGSCA) 2023	SWA	Corporate	Tjiwi Kimia
June	Has Implemented the Occupational Health and Safety Management System, with an Achievement of 92.77%	Ministry of Manpower of the Republic of Indonesia	Corporate	IK Perawang
June	Award for the COVID-19 Prevention and Control Program at the Workplace with the Platinum Category	Ministry of Manpower of the Republic of Indonesia	Corporate	IK Perawang
June	Top CSR Awards 2023	Top Business Magazine	Corporate	IK Serang
June	Award for the COVID-19 Prevention and Control Program at the Workplace	Governor of Banten	Corporate	IK Serang

June LPPPI

Zero Accident Award

July Tjiwi Kimia

Pioneer Company for Green Industry in Accelerating Sustainable Development in East Java

August IK Perawang

Best Business Entity Charter

September IK Perawang

Award in the Terminal Operator Category with the Most Ship Visits

October IK Serang, IK Tangerang, Tjiwi Kimia, LPPPI

PROKLIM Award

Month	Award	Organizer	Category	Business Unit
June	Occupational Health and Safety Supervisory Committee (P2K3) Award 2023 from the Provincial Government of Banten	Governor of Banten	Corporate	IK Serang
June	Award for the HIV AIDS Prevention and Control Program at the Workplace – Platinum Category	Ministry of Manpower of the Republic of Indonesia	Corporate	IK Tangerang
June	Top CSR Award 2023 #STAR4	Top Business	Corporate	LPPPI
June	Company Receiving the Award for the COVID-19 Prevention and Control Program at the Workplace with the GOLD Category	Ministry of Manpower of the Republic of Indonesia	Corporate	LPPPI
June	Zero Accident Award	Ministry of Manpower of the Republic of Indonesia	Corporate	LPPPI
June	Top CSR Awards 2023 (Five Star)	Top Business	CSR	Tjiwi Kimia
June	COVID-19 Prevention and Management Program Award in the Workplace - Platinum Category	Ministry of Manpower of the Republic of Indonesia	Corporate	IK Tangerang
July	Pioneer Company for Green Industry in Accelerating Sustainable Development in East Java	Governor of East Java	Corporate	Tjiwi Kimia
August	Best Business Entity Charter	BPJS Employment	Corporate	IK Perawang
August	Anti-Narcotics Award (ANA) / Most Inspirational National Private Company in P4GN	Tangerang Anti-Narcotics Institution	Corporate	IK Tangerang
September	Award in the Best Terminal Operator Category in ISPS Code Implementation	Ministry of Transportation	Corporate	IK Perawang
September	Award in the Terminal Operator Category with the Most Ship Visits	Ministry of Transportation	Corporate	IK Perawang
September	SDG Innovation Accelerator for Young Professionals – Waste Management Collaborations	Global Impact Network Indonesia	Corporate	IK Serang
October	Proklim Award	Ministry of Environment and Forestry	CSR	IK Perawang
October	Category Award for LKPM (PMA) Compliance, Rank 1	Investment Coordinating Board	Corporate	IK Perawang

November

OKI

**ESG Business Awards
2023 - Kategori Renewable
Energy Adoption Award****December**

IK Tangerang

**The Best Sustainability
Program Corporate**

Month	Program/Award	Organizer	Category	Business Unit
October	Category Award for MSME Partnership (PMA), Rank 1	Investment Coordinating Board	Corporate	IK Perawang
October	Proklam Award	Ministry of Environment and Forestry	CSR	IK Serang
October	Proklam Award	Ministry of Environment and Forestry	CSR	IK Tangerang
October	Proklam Award	Ministry of Environment and Forestry	CSR	LPPPI
October	Proklam Award	Ministry of Environment and Forestry	CSR	Tjiwi Kimia
November	Climate Village Mentor of Serang Regency	Regent of Serang	Corporate	IK Serang
November	ESG Business Awards 2023 - Category of Renewable Energy Adoption Award	Asian Business Review (Charlton Media)	Corporate	OKI
November	Award for 10 Years of CSR Implementation and Participation for Community Welfare in Air Sugihan Sub-District, OKI Regency	OKI Regency Government	CSR	OKI
November	Misi Sejati (Mitra Sidoarjo Sehat, Sejahtera, dan Inspiratif / Sidoarjo Healthy, Prosperous, and Inspirational Partner)	Sidoarjo Regency Government	Corporate	Tjiwi Kimia
November	Sustainability Reporting Award	Global Corporate Sustainability Awards	Corporate	APP
November	P4GN Program Award (Prevention, Eradication, Abuse and Illicit Drug Trafficking)	BNN Banten Provincial Government	Corporate	IK Tangerang
December	Health Care Partner Stakeholder	Regent of Serang	Corporate	IK Serang
December	CSR Awards 2023	Mayor of South Tangerang	CSR	IK Tangerang
December	The Best Sustainability Program Corporate	Tangerang Pos	Corporate	IK Tangerang
December	Business and Human Rights Risk Assessment (PRISMA)	Ministry of Law and Human Rights of the Republic of Indonesia	Corporate	Indah Kiat

SIGNIFICANT EVENTS

United Nations Climate Change Conference (UNCCC)

November 30 – December 12, 2023

DESCRIPTIONS/OBJECTIVES

The UNFCCC or COP (Conference of the Parties) is an annual multilateral decision-making forum on climate change. Almost all countries in the world are members of this forum. World leaders gather at the COP to agree on how to address the climate crisis, such as limiting global temperature rise to 1.5 degrees Celsius, helping vulnerable communities adapt to the impacts of climate change, and achieving net-zero emissions by 2050.

Speakers in several agendas

- ✓ Zero Waste and Zero Emissions in Urban Waste
- ✓ Unlocking Women's Potential at the Grassroots:
 - Promoting Gender
 - Equality and Social Justice in Forest Protection
 - Innovations in Ecosystem Restoration
 - Strengthening the Future with Renewable Energy Solutions



Inauguration of 9.8 MWp Rooftop Solar Power Plant - PT Pabrik Kertas Tjiwi Kimia Tbk

October 2, 2023

DESCRIPTIONS/OBJECTIVES

The Governor of East Java, Khofifah Indar Parawansa, appreciated Tjiwi Kimia's innovation in using solar power as an eco-friendly alternative energy source.

Tjiwi Kimia's adoption of solar panel technology is in line with the Indonesian government's commitment to achieve net-zero emissions and promote FOLU Net Sink 2030.

The use of this technology in paper production not only increases operational efficiency but also ensures significant carbon emission reductions.

One of APP's business units, Tjiwi Kimia, reaffirmed its commitment to sustainability by integrating photovoltaic technology through solar panels into its operations.

This step is tangible proof of Tjiwi Kimia's commitment to promoting eco-friendly business practices and supporting the Indonesian government in reducing carbon emissions.

The inauguration of the 9.8 MWp Rooftop Solar Power Plant installation, covering an area of 11.4 hectares, was held to commemorate Tjiwi Kimia's 51st anniversary.



Promoting Early Writing Literacy, SiDU Achieves MURI Record Through Handwriting Competition with Most Elementary School Students

May 1 – June 22, 2023

DESCRIPTIONS/OBJECTIVES

Writing skills, along with reading, communication, filtering and analyzing information, are crucial to enhance in order to acquire knowledge to increase competitive economic opportunities globally. This is a commitment that we continuously strive to uphold in order to continuously support Indonesian children in advancing their competency levels for the future.

From this Writing Competition, 51 best student works were selected and printed in a book entitled “Harta Karun Indonesia” (Indonesia’s Treasures), with 2,000 copies printed and distributed to schools across Indonesia.

We hope this book will inspire students to continue writing. The launch of the “Harta Karun Indonesia” book was held simultaneously with the awarding of the MURI record certificate at SDN 10 Kebon Jeruk, Jakarta.



Collaboration to Mitigate Human-Elephant Conflicts in Air Sugihan Area, South Sumatra

March 2023

DESCRIPTIONS/OBJECTIVES

As a collaborative effort with the South Sumatra BKSDA to reduce the number of human-Sumatran elephant conflicts, APP handed over GPS collars to be attached to elephants to monitor their real-time movements.

This collaboration adds to the previous installation of GPS collars on two lead elephants in separate elephant groups.

Providing GPS Collars to be attached to wild elephants.



PT OKI Pulp & Paper Mills and PT APP Purinusa Ekapersada Officially Registered as Members of the United Nations Global Compact (UNGC)

PT OKI Pulp & Paper Mills: June 2023

PT APP Purinusa Ekapersada: November 2023

DESCRIPTIONS/OBJECTIVES

The UNGC is a United Nations initiative for businesses to encourage stakeholders in countries to adopt sustainable policies and social responsibility, and to report on the implementation outcomes.

The Global Compact principles emphasize ten key areas including human rights, labor, environment, and anti-corruption. These principles align with the Sustainable Development Goals (SDGs).

Speakers in several agendas

Registered as a member of the UNGC.

*PT APP Purinusa Ekapersada registered as the parent company of 6 previously registered APP mill companies



A group of approximately ten employees, mostly women, are walking outdoors in a line. They are all wearing light blue short-sleeved button-down shirts and dark trousers or skirts. Several of the women are wearing black hijabs. They are all smiling and looking towards the right. The background shows a red building and some greenery.

PERFORMANCE DEEP-DIVE

APP is committed to increase its economic performance as an integral contribution for the nation's economic development. Through our efforts, APP strives to give a positive impact towards financial growth on a national level.

PERFORMANCE DEEP-DIVE

I. ECONOMY



APP is committed to enhancing its economic performance as an integral part of its contribution to have a positive impact on economic growth at the national level.

In addition to focusing on economic performance, APP also has a strong commitment to supporting economic development through job creation. Thus, APP views economic performance not only as a business goal but also to support and strengthen the nation's economic foundation.

The global economy is moving towards sustainability, prompting companies to enhance their responsible and ethical business practices, and product competitiveness through improved sustainability and efficiency. Competition in the cultural paper and industrial paper business segments that the Company

operates in is becoming increasingly intense, both domestically and internationally. Key factors influencing the domestic and international markets include brand, product quality, distribution, price, and sustainability. To this end, the Company is focusing its efforts in various areas to enhance its sustainable practices performance. One of its efforts is to develop high value-added and sustainable products.

Amidst global economic uncertainty and slowdown caused by the post-pandemic period, the Indonesian economy remains robust and stable. Data from the Central Statistics Agency (BPS) suggests that Indonesia's economic growth for 2023 could reach 5%. However, in 2024, the global economy is projected to continue facing various uncertainties (i.e., economic slowdowns, etc.), which could lead to economic fragmentation (as opposed to economic integration), commodity price volatility, climate change threats, a contraction of the global manufacturing

Purchasing Managers' Index (PMI), etc. These global conditions can undoubtedly have a significant impact on the Indonesian economy if the government, regulators, industry players, and other stakeholders do not prepare anticipatory measures.

In response to the current market situation, the Company's management will continue to closely monitor market conditions, assess the situation, and actively respond to mitigate any impact on the Company's operations. The Board of Directors encourages and expects the Company to continue growing while maintaining a cautious approach and strive for excellence in conducting business with a focus on long-term business sustainability.

In 2023, APP recorded a significant decline in sales, reaching approximately US\$1 billion or 10% lower compared to the previous year. This resulted in a total sales drop of US\$1.48 billion. The sales downturn also impacted the company's net income, which plummeted by 51% compared to 2022. In the reporting year, APP recorded a net income of US\$1.4 billion. In terms of production, APP produced 13.9 million tons of paper and pulp, a 2% decrease or 233,000 tons compared to 2022.

APP is committed to strengthen its economic sustainability in the global pulp and paper industry.

Financial statements for APP's public listed subsidiaries (mills) and/or have issued conventional and sukuk bonds (Islamic) are available on the website <https://app.co.id/investors>.

These subsidiaries are as follows:

- PT Indah Kiat Pulp & Paper Tbk (Indah Kiat),
- PT Pabrik Kertas Tjiwi Kimia Tbk (Tjiwi Kimia),
- PT OKI Pulp & Paper Mills (OKI),
- PT Lontar Papyrus Pulp & Paper Industry (Lontar),
- PT Pindo Deli Pulp and Paper Mills (Pindo).



US\$1.4 BILLION

Net Income



13.9 MILLION TONS

Paper and Pulp Production



DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

In million USD	2021	2022	2023
ECONOMIC VALUE GENERATED			
Net Sales	8,236	9,543	8,534
ECONOMIC VALUE DISTRIBUTED			
Operating costs	5,084	5,826	5,771
Employee costs	312	246	302
Payments to providers of capital	575	607	721
Tax payments	10	10	14
CSR costs	6	4	4
TOTAL ECONOMIC VALUE DISTRIBUTED	5,987	6,693	6,812
Total economic value retained	7,517	10,384	11,684

Note: As a private company, APP does not publish financial statements in public domain. The figures presented above are in accordance with the GRI Standards.

COMPARISON OF PRODUCTION, SALES AND NET REVENUE TARGETS AND PERFORMANCE

The Company targets an increase in sales and net revenue of 5% to 10% compared to the previous year’s achievements. However, in 2023, APP did not meet its set financial targets or at least maintained the same performance as in 2022.

	Production Realization (thousand Tons)	Net Sales Realization (in million USD)	Net Revenue Realization (in million USD)
2023	13,981	8,534	1,403
2022	13,748	9,543	2,889
2021	13,753	8,236	1,638

COMPARISON OF TARGETS AND PERFORMANCE ON PROJECTS ALIGNED WITH SUSTAINABLE BUSINESS

Foopak Bio Natura is one of APP’s eco-friendly products. The board which has all the different grades for food and beverage. They are considered eco-friendly due to the following characteristics:



BIODEGRADABLE

Foopak Bio Natura can naturally decompose within 12 weeks, thus not polluting the environment.



RECYCLABLE

Foopak Bio Natura can be recycled along with other paper products, thereby reducing waste.



FOOD-SAFE CERTIFIED

Foopak Bio Natura has been certified safe for use as food packaging.



Foopak Bio Natura is an innovative solution to reduce plastic usage in the food packaging industry. This product helps conserve the environment and provides an eco-friendlier option for consumers.

	2021	2022	2023
EXPORT			
Quantity (tons)	23,308	13,726	40,496
Value (USD)	30,719,562	15,246,723	48,015,059
DOMESTIC			
Quantity (tons)	19,339	15,824	21,258
Value (USD)	26,876,589	17,743,888	25,887,282

TAX GOVERNANCE

APPROACH TO TAX

The pulp and paper business, as operated by APP, makes a significant contribution to the nation’s tax revenue. Given the vast scale of APP’s projects, including significant investments in the industry, the company receives tax incentives from the government as part of its support for economic development and growth.

The tax incentives provided by the government play a crucial role in facilitating the investment and infrastructure development required in the pulp and paper business. In addition to contributing through income tax, APP also actively participates in paying import and export duties, as well as other tariffs related to transportation and trade activities.

Moreover, APP’s retail activities involve large-scale sales transactions, which generate consumption taxes and duties.

The pulp, paper, packaging, and tissue manufacturing sector are labour intense in mills and offices, generating revenue for the government through employment taxes. These taxes are collected and paid to the authorities.

Tax payments are part of APP’s commitment to national progress. APP adopts a tax approach based on compliance with tax regulations. APP’s tax policies and strategies are reviewed and approved by the Chief Financial Officer. These policies and strategies are reviewed

annually to align with applicable tax regulations. APP’s commitment to taxation not only supports public trust in the Company but also contributes to national development. [GRI 207-1]



Mill	Tax Rate	Reason
Statutory tax rate	22%	The effective corporate income tax rate is lower than the statutory tax rate due to the following reasons: tax credits, tax incentives in Indah Kiat Perawang and Lontar Papyrus that allow the companies to accelerate depreciation expenses, government tax holiday for OKI (until 2027), tax losses arising in previous years that have been offset against current year profits, and a 3% reduction in the corporate income rate for public company. [GRI 201-4]
Effective corporate income tax rate	11%	

Forestry	Tax Rate	Reason
Statutory tax rate	22%	The effective corporate income tax rate is lower than the statutory tax rate due to tax losses carried forward and tax credits. [GRI 201-4]
Effective corporate income tax rate	2%	

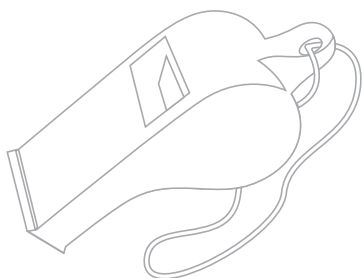
[GRI 207-1]

TAX GOVERNANCE, CONTROL, AND RISK MANAGEMENT

The tax governance and control framework within APP is implemented as follows:

1. Consulting with tax experts and professionals to ensure compliance and effectiveness.
2. Identifying and monitoring the company's risks, including tax risks.
3. Evaluating compliance with tax governance and regulations.
4. Establishing audit procedures or assurance processes to ensure the fulfilment of tax obligations.

In the event of unethical behaviour or tax-related violations, APP has provided a whistleblowing mechanism – a violation reporting system.



STAKEHOLDER ENGAGEMENT AND MANAGEMENT OF CONCERNS RELATED TO TAX

In terms of taxation, the primary stakeholder is the Government through the tax office. Therefore, APP maintains a good relationship with the tax office but does not engage in tax advocacy issues. APP adheres to all applicable tax laws and regulations.

COUNTRY-BY-COUNTRY REPORTING

APP's accounting is prepared based on the Indonesian Generally Accepted Accounting Principles (IDGAAP), the accounting standards established by the Indonesian government. The following are APP's payments of obligations to the Central and Regional Governments in 2022 (in USD).

Description	Pulp & Paper Mills	Forestry Companies
Statutory tax rate	22%	22%
Effective corporate income tax rate	11%	2%
Third-Party Revenue	6,117,084,833	41,227,638
Related-Party Revenue	3,533,517,894	678,240,369
Total Revenue	9,650,602,728	719,468,007
Profit Before Income Tax	2,188,987,820	1,062,583
Income Tax Paid	283,437,561	6,438,036
Income Tax Accrued	280,396,040	385,509
Stated Capital	2,042,287,515	317,863,782
Accumulated Earnings	7,364,969,304	552,943,941
Tangible Assets Other Than Cash or Cash Equivalents	9,225,973,992	1,341,332,336

In addition to taxes, APP also contributes to the Indonesian government through Non-Tax State Revenue (PNBP). In the reporting year, APP paid a total of US\$289.87 million in taxes to the Indonesian government.

II. ENVIRONMENT

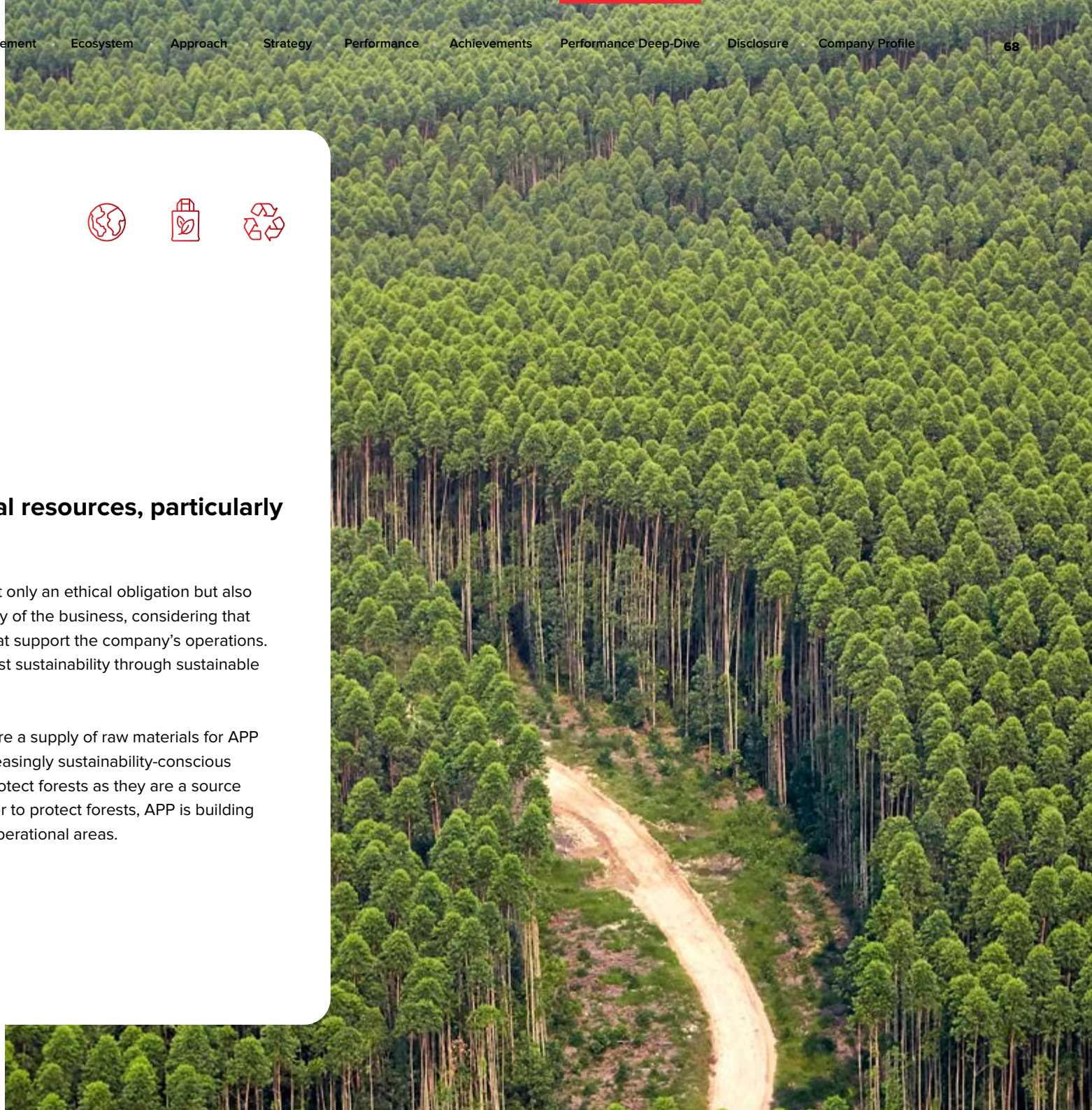


UPSTREAM

APP's business depends on natural resources, particularly forests.

Recognizing this, maintaining forest sustainability is not only an ethical obligation but also a strategic necessity for the continuity and sustainability of the business, considering that forests serve as the primary source of raw materials that support the company's operations. Therefore, APP is deeply committed to preserving forest sustainability through sustainable management practices and biodiversity protection.

Preserving forest sustainability not only serves to ensure a supply of raw materials for APP but also fosters APP's business reputation among increasingly sustainability-conscious consumers and investors. In addition, APP strives to protect forests as they are a source of livelihood for local communities. By working together to protect forests, APP is building prosperous lives for communities in the vicinity of its operational areas.



SUSTAINABLE FOREST MANAGEMENT

FOREST POLICY AND COMMITMENTS

APP's commitment to forest sustainability is realized through various sustainable forest management strategies and initiatives such as: [GRI 2-23] [RR-FM-450a.1]

1. No Deforestation [E.1.2.9.1] [E.1.2.9.5]

APP has been committed to zero deforestation across its supply chain since 2013. This is managed and monitored through a timber tracking system that ensures all raw materials come from sustainable sources.

2. Sustainable Forest Management (SFM) Practices

APP implements Sustainable Forest Management (SFM) principles across all its suppliers' concessions. The SFM initiative ensures that forests are managed sustainably to meet economic, social, and environmental needs. The key principle of SFM is to ensure the sustainability of forests for the benefit of present and future generations.

3. Forest Conservation Policy (FCP)

In 2013, APP launched the Forest Conservation Policy (FCP) to protect natural forests and conserve the biodiversity. The FCP encompasses a range of commitments, such as halting natural forest clearing and restoring degraded forests.

4. Fibre Procurement and Processing Policy (FPPP)

Fibre Procurement and Processing Policy (FPPP) ensures that all fiber raw materials used by APP are derived from legal and sustainable sources. FPPP also prohibits the utilization of raw materials from converted natural forests. This policy mandates the termination of partnerships with non-compliant suppliers. Through FPPP, we ensure that each raw material supply chain complies with all local and international regulations on responsible forestry practices.

5. High Conservation Value (HCV) and High Carbon Stock (HCS)

APP is committed to maintaining HCV and HCS areas, such as tropical rainforests and wildlife habitats. This effort is carried out through biodiversity cultivation and restoration of degraded forests.

6. Collaboration with Stakeholders

APP collaborates with various stakeholders, such as governments, Indigenous communities, NGOs, industries, and experts to maintain forest sustainability. This collaboration is carried out through various programs, such as research and development, education and training, and community empowerment.

7. Free Prior and Informed Consent (FPIC) [S.4.2.9.2] [S.4.2.9.5] [S.4.2.9.6]

APP recognizes land rights granted by the government to indigenous and local communities. For this reason, APP has implemented the Free, Prior, and Informed Consent (FPIC) principle and involved stakeholders. Furthermore, all community empowerment projects developed in these areas are also consulted with the communities through the implementation of FPIC.

Responsible forest management has received a positive response from various institutions, appreciating APP's endeavours in implementing the Forest Conservation Policy (FCP) that manages forests sustainably and upholding no-deforestation. Responsible and sustainable forest management is beneficial for both the environment and APP's business. Sustainably managed forests can produce a continuous supply of timber and ensure a stable supply of raw materials for pulp and paper production.

INTEGRATED SUSTAINABLE FOREST MANAGEMENT PLAN

As part of the Forest Conservation Policy (FCP), APP established guidelines for an Integrated Sustainable Forest Management Plan (ISFMP). This plan has been developed with input from stakeholders, such as local communities, governments, academics, and civil society.



In practice, ISFMP (Integrated Sustainable Forest Management Plan) is implemented through the following activities:

1. Growth and Yield - Assessing the current and potential state of forest plantations in all sustainable forest management.
2. HCV Studies - Areas with extremely significant and/or highly important ecological, social, or cultural values.
3. HCS Studies - Areas with high above-ground vegetation/biomass cover, meaning that these areas store a large amount of carbon.
4. Peatland Management - Expert peatland assessment and recommendations for best management practices.
5. Social Management - Establishing Free, Prior, and Informed Consent (FPIC)¹ responsible and ethical social engagement.

¹ Free, Prior and Informed Consent (FPIC) is a principle and right of indigenous communities, particularly those living within or in the vicinity of the company concession areas, to give approval or refuse projects that potentially impact their lands and livelihoods.

² IFFS stands for Integrated Forestry and Farming System. This program is also known as Desa Makmur Peduli Api (DMPA, Prosperous and Fire-Aware Village) initiative, aimed at reducing deforestation, strengthening local economies, and promoting environmental sustainability.

³ Forest Management Plan (FMP) refers to the sustainable forest management plan in APP's concession areas, including forest inventories, area utilization allocation, ecosystem protection, and conservation programs.

⁴ Measurement, Reporting and Verification (MRV) is a system to measure, report and verify the environmental impacts of APP's operations.

✓ **Supporting activities:** IFFS²/FMP³/HCV/HCS/Peatland Research

✓ **Integrated Sustainable Forest Management Plan (ISFMP):** This is the process of implementing sustainability

✓ **Measurement and Verification:** GHG emission modelling/MRV⁴/Sustainability reporting

Further information can be found in the **Sustainability Dashboard** ([link](#))



FOREST PROTECTION AND CONSERVATION

APP is committed to protecting natural forests and improving the livelihoods of communities. To achieve this goal, APP has developed a sophisticated Forest Alert System to monitor changes in forest cover across its suppliers' concession areas.

In this digital age, technology plays a crucial role in various aspects of life, including nature conservation efforts. One example is the Forest Alert System, which utilizes RADARSAT-2 satellite technology to monitor and protect Indonesia's forests. RADARSAT-2 is a satellite launched by the Canadian Space Agency in 2007. It is equipped with Synthetic Aperture Radar (SAR) technology that can penetrate clouds and smoke, enabling forest monitoring in all weather conditions. Its remarkable capabilities even allow RADARSAT-2 to detect a single felled tree in the forest.

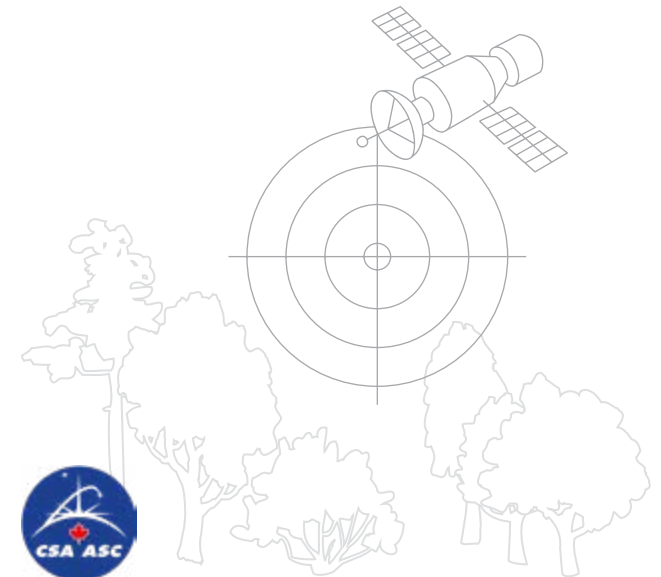
Forest Alert System utilizes RADARSAT-2 satellite data to detect real-time changes in forest cover. This enables authorities to take immediate action in the event of illegal deforestation.

In 2023, the Forest Alert System yielded positive results, detecting a decline in forest cover change from 0.29% to 0.13%. This decrease indicates an improvement in forest conservation efforts.

The success of the Forest Alert System demonstrates that advanced technology is a powerful tool in protecting forests. By continuing to develop and utilize the latest technologies, we can ensure the sustainability of our forests.

APP collaborates with authorities to prevent illegal logging and protect forests. In addition, APP also works with various parties to improve the standard of living of the community. These efforts are expected to help the community find sustainable sources of income and eliminate the need for illegal logging.

In the Kubu Raya region, APP collaborates with the West Kalimantan Green Trade Initiative (IDH), a program involving various stakeholders aimed at promoting sustainable commodity trade in Indonesia. Together with IDH, APP conducts conservation area rehabilitation, dome peak restoration, land cover monitoring, fire prevention, and joint patrols with local communities.



FORESTRY INNOVATION

APP is committed to optimizing timber production and harvesting by prioritizing innovation and the latest technology. This is achieved through the digitalization of processes and the utilization of advanced technologies. APP's forestry innovations focus not only on production optimization but also on environmental conservation and community welfare. APP's forestry innovations include:

1 Modern Nurseries

APP builds and operates state-of-the-art nurseries with the latest technology to produce high-quality seedlings that are resistant to pests and diseases. These nurseries are operated with more eco-friendly media and do not generate plastic waste.

4 Seed Cloning

APP develops superior seed clones with desired traits, such as fast growth, good wood quality, and disease resistance. Seed cloning is carried out in greenhouses using the latest technology.

2 Mechanization, Automation, and Digitalization

APP utilizes modern machinery to perform a variety of forestry tasks, such as planting, fertilizing, and harvesting. In addition, automation and digitalization systems are used to control, monitor, collect and analyze data on forest conditions, tree growth, and forestry operations in real-time.

5 Artificial Intelligence (AI) and Drones

Artificial Intelligence (AI) and drones are used to monitor and analyze forest conditions, as well as map concession areas. Aerial imagery obtained from drones provides detailed information, while AI ensures accuracy and eliminates the possibility of human error. This technology offers an effective method to monitor various environmental and agricultural factors.

3 Solar Panels

APP established Solar Power Plants (PLTS) in its concession areas to generate eco-friendly renewable energy. Solar panels are installed in ranger stations and security checkpoints to replace generators. Although the efficiency of solar panel batteries is not yet as expected, APP continues to follow the development of solar panel technology for wider application in the future.



FOREST CERTIFICATION

93% of APP’s pulpwood suppliers have obtained sustainable forest management certification under the Program for Endorsement of Forest Certification (PEFC). In 2023, our SERA compliant suppliers in West Kalimantan, PT Wanakerta Ekalestari (WEL), obtained the IFCC-PEFC Certification. Meanwhile, another supplier in the same province, PT Buana Megatama (BMJ), is still in the process of obtaining its certification. We are targeting BMJ to obtain this certification by 2024.

All (100%) of APP’s pulpwood suppliers have obtained the mandatory Indonesian government Sustainable Forest

Management (SFM) scheme. SFM refers to the scheme implemented by the Indonesian government to ensure that timber harvesting activities in production forests are carried out legally and sustainably.

Additionally, APP’s pulpwood suppliers also implement the ISO 45001, ISO 14001, and OHSMS certification standards.

Description	Arara Abadi	Riau Abadi Lestari	Finnantara Intiga	Satria Perkasa Agung*	Wirakarya Sakti	Sumalindo Hutani Jaya I & II
Environmental Management System	ISO 14001	ISO 14001	ISO 14001	ISO 14001	ISO 14001	ISO 14001
Health & Safety	OHSMS	OHSMS	OHSMS	OHSMS	OHSMS	OHSMS
	ISO 45001	ISO 45001	ISO 45001	ISO 45001	ISO 45001	ISO 45001
Chain of Supervision	IFCC-PEFC	IFCC-PEFC	IFCC-PEFC	IFCC-PEFC	IFCC-PEFC	IFCC-PEFC
	SFM	SFM	SFM	SFM	SFM	SFM

* Includes SPA Serapung and SPA KTH Sinar Merawang



FOREST FIRE PREVENTION

APP is committed to keeping the area impacted by forest fires below 2% within its own concession and SERA compliant suppliers' concession. This effort is carried out through the implementation of various strategies and programs. One of APP's key strategies is the implementation of the Integrated Fire Management (IFM)

System. The IFM system is an integrated system that combines technology, human resources, and industry best practise to prevent and mitigate forest fires. APP's forest fire management consists of several key pillars, including:

PREVENTION



- Conducting routine patrols in concession areas.
- Building and maintaining forest fire prevention infrastructure, such as firebreaks and fire towers.
- Raising public awareness about the dangers and prevention of forest fires, through Fire Aware Community groups. Communities are encouraged not to burn land for income generation.

PREPAREDNESS



- Preparing a trained firefighting team equipped with adequate equipment.
- Developing a comprehensive forest fire management plan.
- Conducting simulations and forest fire management exercises periodically.

EARLY DETECTION



- Installing an early forest fire detection system, such as CCTV cameras and heat sensors.
- Regularly monitoring forest conditions via satellite and drone, through a blanket monitoring system capable of detecting fires, hotspots, and measuring the size of impacted areas.

RAPID RESPONSE



- Following up on any signs of forest fires promptly.
- Modifying firefighting strategies according to conditions and type of fire.
- Using helicopters for monitoring and water bombing to extinguish fires.
- Collaborating with relevant parties, such as government, firefighters, and local communities.

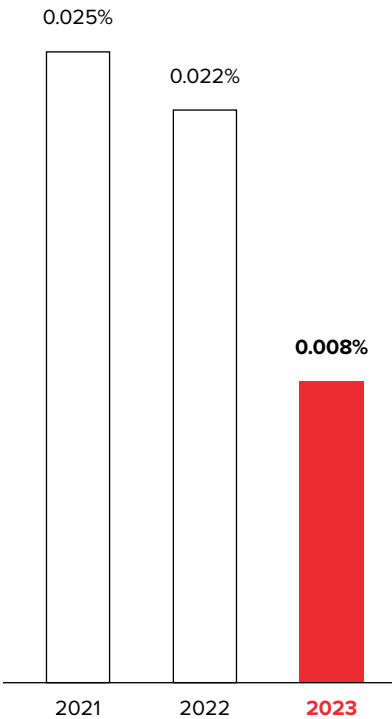
APP is also actively involved in educating and training the community about the dangers and prevention of forest fires. These activities aim to raise public awareness and build partnerships to conserve forests. In addition, APP continues to train its personnel, including firefighters and fire operations officers. During the reporting year, APP conducted nine training classes:

- | | |
|----|--|
| 1. | Fire Crews Basic Training, divided into three for Core, Backup and Support Fire Crews (mandatory for all Fire Crews, then operational staff appointed as Backup Fire Crews and existing contractors as Support Fire Crews) |
| 2. | Prevention Plan (mandatory for Prevention Officer) |
| 3. | FROS reporting system training |
| 4. | Field Fire Boss |
| 5. | Crew Leader Training |
| 6. | Helitack/Rapid Response Team (mandatory for all Fire Crews appointed to the Rapid Response Team (RRT)) |
| 7. | Pump Operator |
| 8. | IMT (mandatory for operational management at the Regional and District levels) |
| 9. | Reporter (mandatory for personnel appointed to report to external parties) |

A new Rapid Response Team (RRT) was formed in 2023 to strengthen preparedness and response to potential disasters in the West Kalimantan regions. RRT members have been specifically trained to handle various types of disasters such as fires, floods, landslides, forest fires, and earthquakes. The RRT is equipped with adequate equipment and supplies to carry out evacuations, rescues, and provide humanitarian assistance. The formation of the RRT is a crucial step in improving preparedness and response to fires in West Kalimantan.

The implementation of IFM, comprehensive forest fire management, and community education are tangible manifestations of commitment to environmental sustainability and social responsibility.

Total concession area impacted by fire




DESA MAKMUR PEDULI API

(DMPA)


The DMPA program is an innovative initiative by APP aimed at raising awareness and preparedness among communities regarding the risks of forest fires and deforestation, as well as improving the economic well-being and security of local communities. The program is designed to reduce the risk of fires within APP’s operational areas. APP has developed the DMPA program since 2015 with the objectives of:

- **Preventing forest and land fires (karhutla):** Building economic resilience and awareness of the dangers of forest and land fires.
- **Improving welfare:** Training and assistance to improve living standards.
- **Protecting the environment:** Promoting the preservation of forests and peatlands.


DMPA activities include:




FARMER GROUP DEVELOPMENT:
Developing eco-friendly farming businesses.



TRAINING:
Training in agriculture, animal husbandry, processing, and entrepreneurship.



INFRASTRUCTURE:
Construction of village infrastructure.



EDUCATION:
Education on the dangers of forest and land fires and environmental conservation.



	2022	2023
Total villages	421 Villages	441 Villages
Budget	±USD 3.7 Million	±USD 4.0 Million
Beneficiaries	80,000 People	87,500 People
Partners	223 VILLAGE-OWNED ENTERPRISES 9 COOPERATIVES 189 FARMER GROUPS	223 VILLAGE-OWNED ENTERPRISES 9 COOPERATIVES 209 FARMER GROUPS

Several successful DMPA empowerment programs have preserved forests and improved community livelihoods:

PROCESSING PLASTIC WASTE INTO PAVING BLOCKS

BACKGROUND



Indonesia as one of the largest producer of plastic waste in the world. Untreated plastic waste causes environmental pollution.

LOCATION



Suka Maju Village – Bank Sampah Mandiri (BSM/ Independent Waste Bank).

PRODUCTION



BSM processes plastic waste into ±2,000 paving blocks per month, sold for IDR 10,000 each, generating IDR 22 million per month.

AWARDS AND TRAINING



BSM's success has attracted many parties to learn, often invited to participate in training sessions, and receive awards from the government.

OBJECTIVE



Raise awareness that plastic waste can be recycled into economically valuable products.

KEY FIGURE



BSM is managed by eight people, has 254 customer families, and collects plastic waste for IDR 300/kg – IDR 800/kg.

INCOME



Community members earn additional income of IDR 300,000 – IDR 600,000 per year from collecting plastic waste.

±2,000 PAVING BLOCKS
Produced per month

254 FAMILIES
As customers

IDR 300-600 THOUSAND
Earned as additional income for community members

MARKET

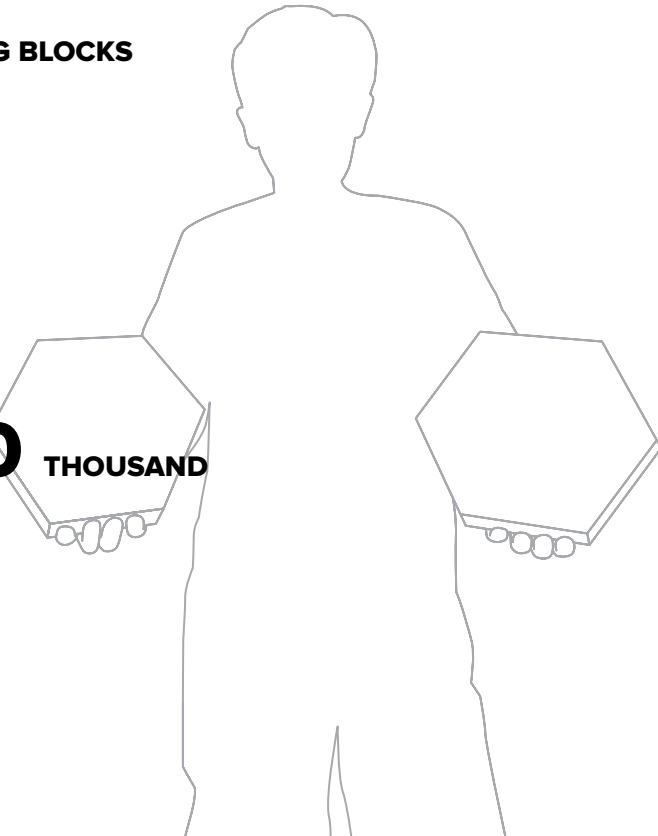


Local community, government offices, and schools.

BENEFITS



Company support and BSM's success have brought significant economic and environmental benefits to Suka Maju Village.



MELLIFERA HONEY BEE FARMING IN BENTENG HILIR VILLAGE, SIAK REGENCY

BACKGROUND



Improving the capabilities of honeybee farmers.

LOCATION



Benteng Hilir Village, in the vicinity of APP's concession area.

BENEFITS



- o Improving family welfare.
- o Boosting the community's economy.
- o Maintaining ecological balance and supporting sustainable development.

KEY FIGURES



Tani Hutan Taruna Jaya, consisting of 30 members and two managers.

DMPA SUPPORT



- o Improving honey product quality through training in modern and hygienic bee farming.
- o Training in processing high-quality honey.
- o Facilities and infrastructure for honey farming.
- o Product marketing.

INCOME



Additional monthly income for member IDR 3 to 10 million.

MARKET



- o Siak Regency
- o Java, Bali Island
- o Nusa Tenggara
- o Papua

2
Managers

30
Members

IDR 3-10 MILLION
Additional monthly income
for members

VILLAGE-OWNED ENTERPRISE (BUMDES) KARYA BERSAMA IN DELIMA VILLAGE, TEBING TINGGI SUB-DISTRICT, TANJUNG JABUNG BARAT REGENCY, JAMBI

BACKGROUND:



Economic improvement for Delima Village residents.

LOCATION



Delima Village, Tebing Tinggi Sub-District, Tanjung Jabung Barat Regency, Jambi.

ACHIEVEMENTS



Zuvita represented BUMDes directors from Jambi Province in the Indonesia Benchmarking program in China (2019) and received regional and national awards.

KEY FIGURE



Zuvita, Director of BUMDes Delima since 2017.

DMPA SUPPORT



Capacity building through various training programs.

PRODUCTION



Compost for PT WKS worth ±IDR 3.3 billion/year.

ECONOMIC IMPACT



Driving the village economy, providing scholarships and home renovations for underprivileged residents.

IDR 3.3 BILLION

Yearly compost worth for PT WKS

SUPPORTING RATTAN WEAVING EMPOWERMENT

BACKGROUND



Improving techniques and skills of rattan weaving artisans.

LOCATION



Rikong Village, East Kalimantan.

IMPACT



Income source from product sales, preservation of local culture, existence of local products, high-quality woven products from Rikong Village.

SUPPORTERS



Dokter Syahril Foundation (YDS) and Vintocraft.

DMPA SUPPORT



Weaving techniques, design, and product marketing training.

TRAINING GOAL



Entering the export market.

KEY FIGURE



Rattan weaving SMEs.



DODOL KOPI “LIBERINA” BY MARIANA, A TOFFEE-LIKE COFFEE SNACK

BACKGROUND



Mariana’s dream to create the traditional dodol recipe of her mother.

LOCATION



Pematang Lumut village, Jambi.

BUSINESS INCUBATION



In 2023, received capacity building support through the APP - Doktor Sjahrir Foundation Business Incubation.

EXPLORATION



Received input from mentors to explore the uniqueness of coffee in her products.

KEY FIGURE



Mariana, founded Liberina Dodol Kopi in 2016.

DMPA SUPPORT



Providing production equipment and assistance.

INCOME



Liberina’s income increased from IDR 1 million per month to IDR 4 million - IDR 5 million per month along with market expansion.

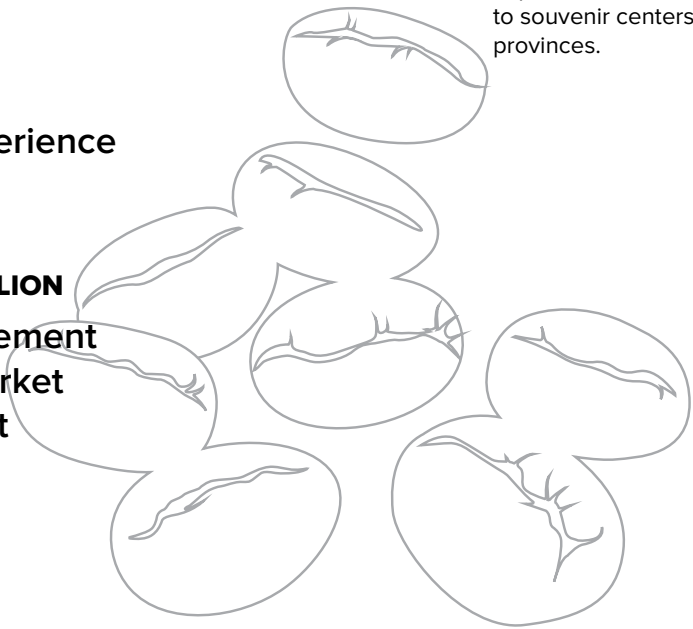
MARKETING



Expanded Liberina’s marketing from the local market to souvenir centers in Jambi, Aceh, and Jakarta provinces.

8 YEARS
of work experience

IDR 4 MILLION
Income increment
because market
enlargement



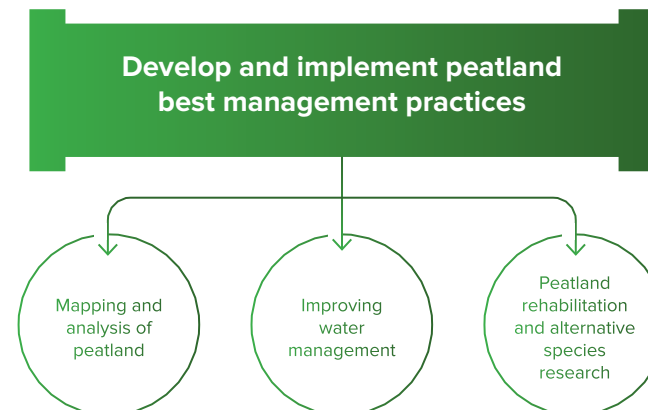
In 2024, the company plans to evolve the Desa Makmur Peduli Api (DMPA) program across the organization. This marks the expansion of the program’s scope, going beyond a focus on preventing forest and land fires, and venturing into overall nature conservation, community empowerment and green economic development. DMPA will strengthen nature conservation efforts through various initiatives, including sustainable forest management, renewable energy development, responsible waste management, eco-friendly agricultural practices, etc. This initiative will potentially encapsulate APP’s integrated sustainable approach to environmental and social development.

PEATLAND MANAGEMENT

One of APP's commitments in climate management is through the management of carbon-rich peatlands, playing a vital role in maintaining global climate balance.

Peatlands are soils formed from the accumulation of dead and decomposed plant that endured under anaerobic (oxygen-free) conditions.

APP's peatland management is illustrated in the following diagram:



The partnerships and programs related to peatland management during the reporting year included:

1. Winrock



APP established a partnership with Winrock International for peatland management in the TORA (Land for Agrarian Reform Object) area of approximately 4,000 hectares in Siak Regency, Riau Province. This program has a pilot project in an initial area of 500 hectares and focuses on nine villages. This partnership aims to implement the Green District Strategy, promoting communities to engage in land development while prioritizing the conservation and preservation of peatlands. These efforts include incorporating wetland-friendly crop cultivation to provide income opportunities for local communities. Currently, the project has reached the finalization stage of the master plan for implementation at the site level. However, the master plan is still awaiting approval from the relevant government.

2. PUSTANDPI – Mycorrhizal



APP collaborates with the Center for Standardization of Disaster Resilience Instruments and Climate Change (PUSTANDPI) to conduct a study on the use of mycorrhizal inoculants on native plants in peatland areas. This study is a crucial and relevant step in efforts to restore a climate-resilient ecosystem. The objectives of this study include accelerating the growth of stagnant native plants. One of the experiments being conducted is the implementation of mycorrhizal inoculation and the application of aero-hydroponics in flooded plant areas with stagnant growth. Currently, the PUSTANDPI team is monitoring the experiment to obtain results to be used in developing standards. This study is expected to provide new insights and practical solutions for managing flooded peatland areas.

The implementation of mycorrhizal inoculant and aero hydroponic technology is an innovative effort to accelerate the growth of native plants, thus supporting successful restoration and climate resilience. The findings of this study also serve as the basis for the development of widely adoptable standards, contributing to the Forest and Other Land Use (FOLU) net sink 2030 target. The steps taken by PUSTANDPI and APP in this study is an example of collaboration between scientific research and field practice to achieve sustainable environmental goals.

In the SRV 2030, APP aims to restore 100% of critical peatlands.

Peatland Ecosystem Function Recovery is an activity carried out to restore the properties and functions of the peatland ecosystem to or close to its original state through natural succession, hydrological restoration, vegetation rehabilitation, and/or other methods following the development of science and technology.

The total peak peat dome restoration carried out until 2023 has reached 99% of the SRV 2030 target.

In 2024, APP will focus on utilizing technology to enhance credibility, improvement, and integrity in the implementation of peatland areas, including:

1. Intelligent Water Management

In collaboration with a third-party vendor, APP plans to implement monitoring technology to obtain real-time information on the conditions of the water level and water table. This technology is combined with hydrological modelling and data analysis approaches to predict and estimate changes in water conditions. The results of this initiative can be used to conduct root cause analysis and quantitative decision-making in terms of priority issues. Thus, appropriate corrective and preventive actions can be taken to maintain the desired water table and water level conditions.

2. Land Cover Change Detection and Alert (LCCA)

APP will employ remote sensing technology by leveraging the ESA Sentinel-1 active sensor satellite and Deep Learning algorithms to continuously monitor land cover changes. The Sentinel-1 satellite carries a C-band Synthetic Aperture Radar (SAR), to collect data unaffected by weather, day or night. Its ability to penetrate clouds addresses the issue of data coverage for monitoring land in equatorial regions, where APP's forestry operations are located. This initiative will cover all forest concessions managed by APP Forestry. The system will provide monthly land cover change detection and alerts to district management levels. Thus, field verification can be conducted, and corrective actions can be registered and followed up. This initiative is an effort to improve forest protection efforts by APP's Forestry arm.

By implementing these two technologies, APP is committed to enhancing credibility and integrity in implementing the Forest Conservation Policy. This will enable timely and accurate data-driven decision-making and ensure sustainable water and forest management.

RESOLVING LAND DISPUTE

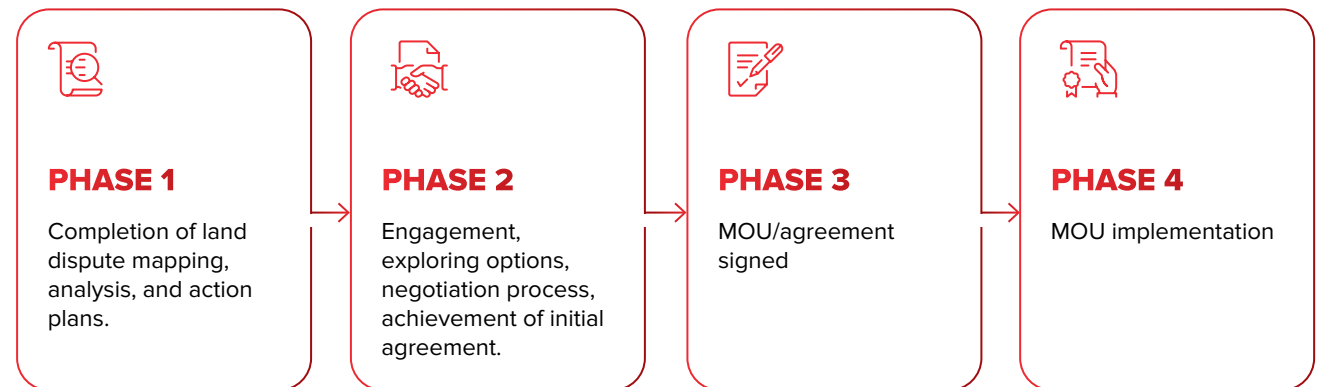
APP has developed various initiatives to identify and resolve land disputes, including:

Land dispute mapping:

- Action plans to address each land dispute and implement those plans
- Accelerating land dispute resolution as part of Key Performance Indicators (KPIs)
- Establishment of Social and Security Divisions (from central to district level) to handle land dispute resolution
- Developing SOPs (Standard Operating Procedures) for land dispute resolution
- Formation of Regional Social Working Groups

APP provides public complaint channels through telephone, email, and call centers. The community can also visit the local district office to seek assistance. During the reporting year, land dispute resolution reached 67%, and the remaining 33% of disputes have been acknowledged with an ongoing resolution process with the community resides in harmony and allows operational activities to proceed.

APP recognizes that conflicts over land may arise in forestry management operations. Conflicts can involve land rights, community livelihoods, illegal trade, unauthorized land use, and various other issues. We are committed to resolving disputes in a responsible and fair manner. For this reason, APP developed a transparent and accountable dispute resolution procedure, allowing all parties involved to voice their opinions and reach mutually beneficial solutions.











FIBER SOURCING AND VALUE CHAIN

APP's commitment to a sustainable fiber supply is established through the use of local raw materials from Industrial Forest Plantation (HTI) areas, recycled fiber, and the implementation of the Supplier Evaluation and Risk Assessment (SERA) system.

The SERA system ensures supplier compliance with sustainability principles, enhances transparency, and drives continuous improvement.

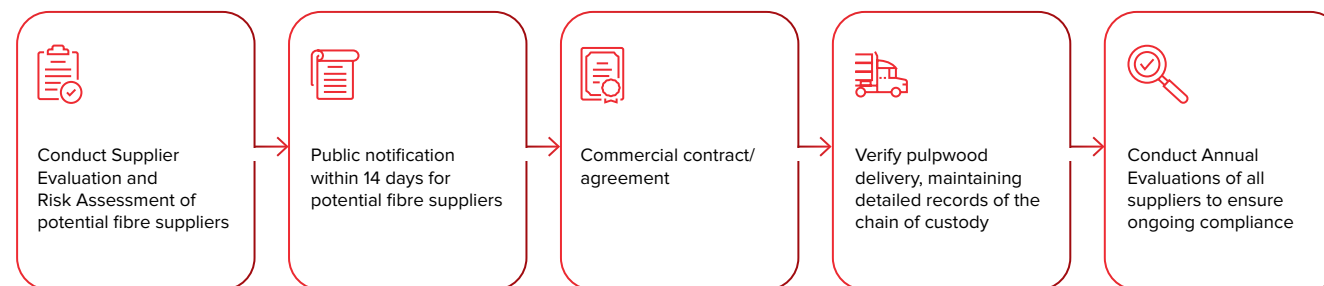
SERA's 12 indicators include: [GRI 308-1]

No conversion of natural forests after 2013 	Operating in certain regions/countries 	Planting specific tree species 	Obtaining Third-party verification 
Having a traceability system 	Complying with applicable regulations on licensing, forest management, and timber trade 	Protecting High Conservation Value (HCV) forests 	Protecting IUCN and CITES Red List and near-threatened species 
Respecting Indigenous peoples and human rights 	Complying with ILO conventions 	Implementing occupational health and safety principles 	No introduction of genetically modified organisms (GMOs) 

FIBER PROCUREMENT PROCESS

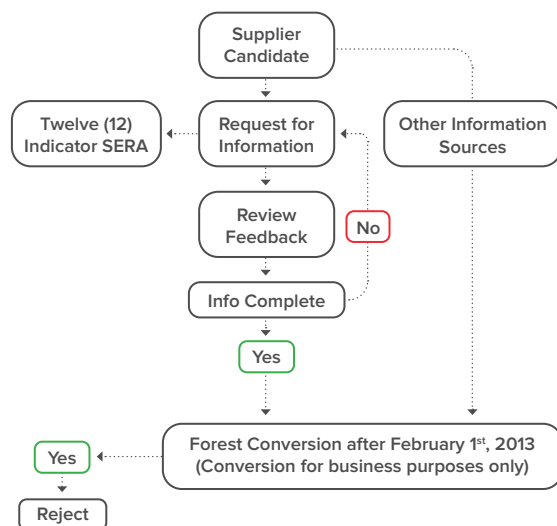
To ensure the integrity of the fiber supply, APP implements the following fiber procurement process:

1. Implement SERA for pulpwood fiber suppliers.
2. For new suppliers, notify the public or stakeholders to gather feedback about the supplier.
3. Notify relevant departments upon completion of SERA. Only low-risk and/or zero-risk suppliers are allowed to supply fiber to APP.
4. Acceptance of the supplier into the approved supplier list as a guideline for receiving raw fiber at mills.
5. Conducting SERA annually to evaluate suppliers working with APP.

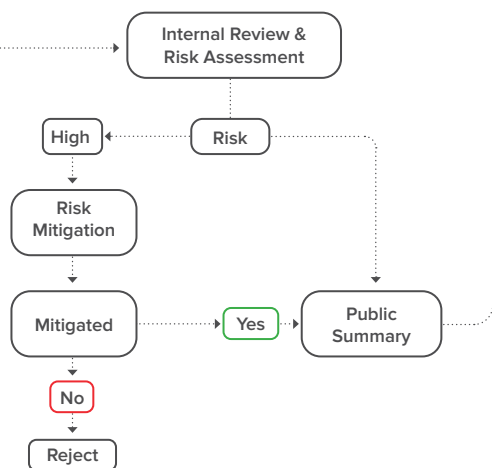


To ensure SERA implementation, APP conducts regular field reviews and assessments. We also provide feedback, conduct audits, or terminate contracts with non-compliant suppliers. Before appointing suppliers, APP allows 14 days for the public and stakeholders to provide input and/or share concerns on prospective suppliers undergoing SERA consideration and evaluation.

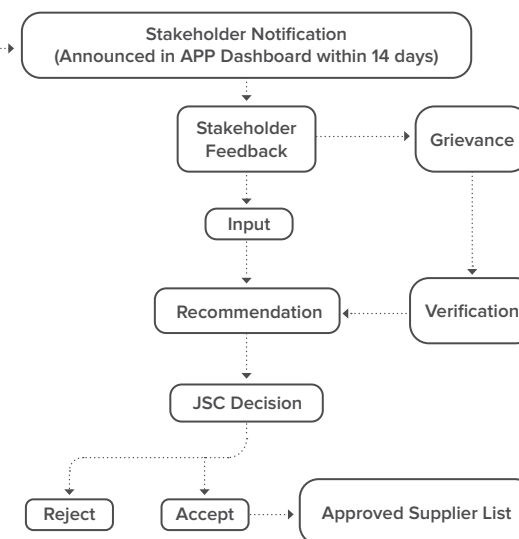
INFORMATION GATHERING



RISK ASSESSMENT



DECISION



SERA is tool and an extension to APP's Fiber Procurement and Processing Policy (FPPP) serving as a comprehensive guideline to APP's commitment to eliminating deforestation across its supply chain and upholding sustainable forest management. This policy is available on the APP website ([link](#))

APP is committed to ensuring that 100% of its plantation wood is sourced from sustainably managed forests. To achieve this, APP requires its wood suppliers to obtain certifications and/or verification such as:

- Sustainable Forest Management (SFM) Best Practice
- Timber Legality Verification (VLK)

- Voluntary Program for the Endorsement of Forest Certification (PEFC)

To promote transparency, APP has implemented E-Product Tracing at our mills, enabling easy tracing of product origins. This program is continuously being refined to meet the demands of APP customers.

In the reporting year, all (100%) new suppliers were screened/assessed using environmental criteria (SERA), ensuring that there are no negative environmental impacts in APP's supply chain.

[GRI 308-1] [GRI 308-2]

The SERA assessment system has been developed with high and robust sustainability standards. APP provides education and guidance to its supplier partners to consistently meet these standards. Supplier partners that meet the SERA standards strengthen their reputation for sustainability practices. We refer to our pulpwood supplier partners that have met SERA standards as SERA compliant supplier (SERACS).

The comprehensive list of APP's pulpwood suppliers can be found at ([link](#))

Percentage of wood fiber sourced from
SERACS suppliers:

100%

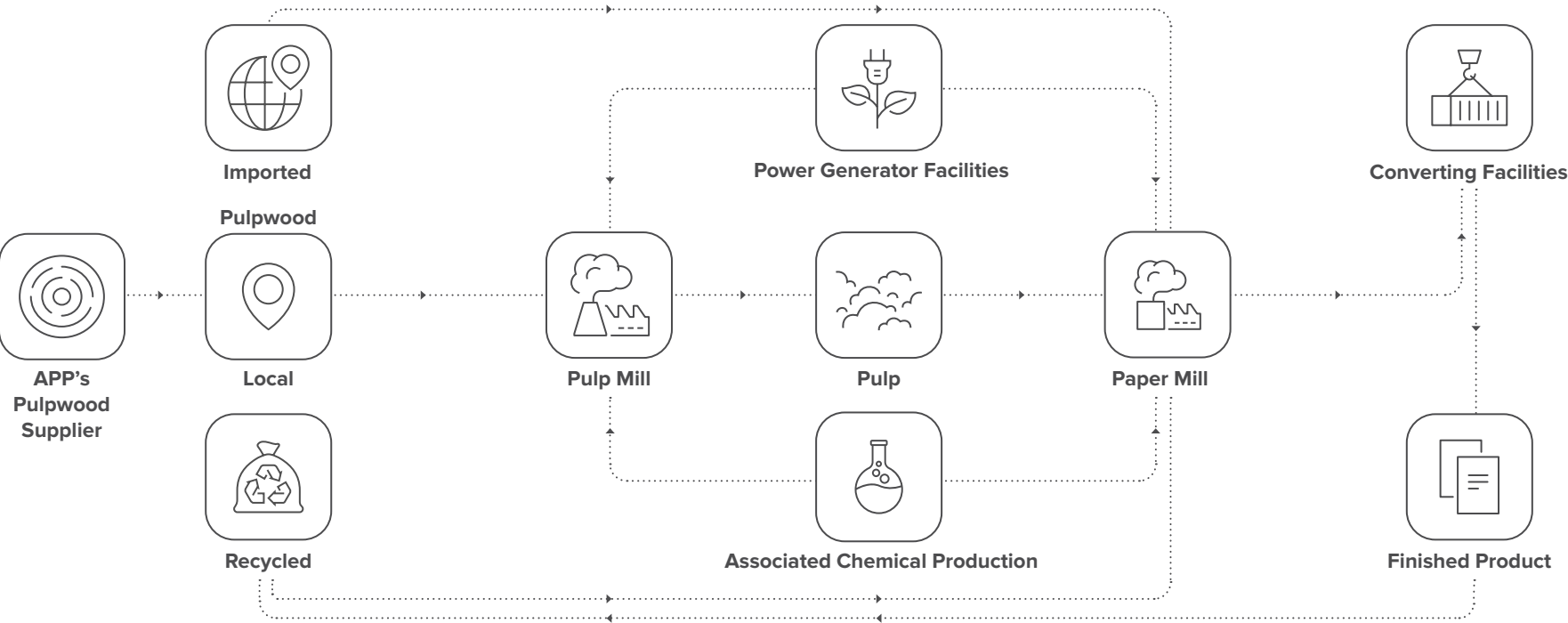
Third parties with
mandatory forest
certification

87%

Third parties meeting
other (i.e., IFCC-PEFC)
wood fiber standards

FOREST IMPACT BOUNDARY

APP VALUE CHAIN

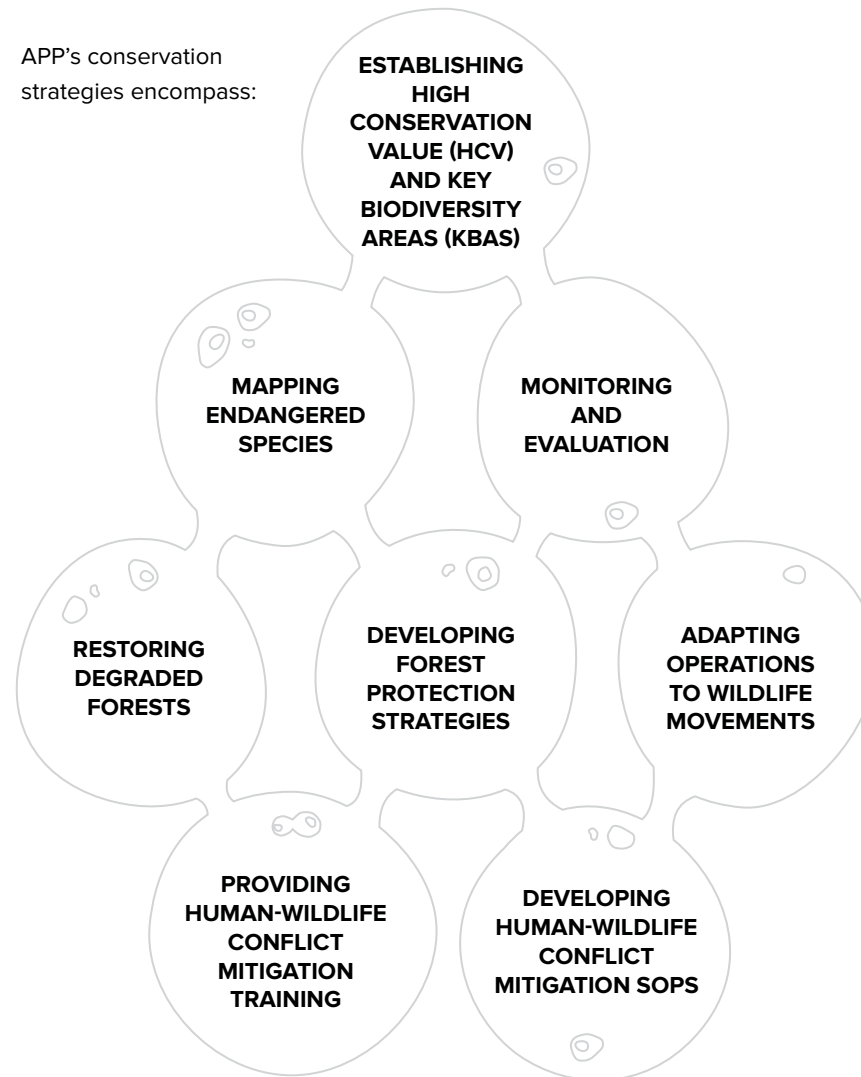


SAFEGUARDING BIODIVERSITY

APP is dedicated to safeguarding forests and the ecosystems they harbor, including initiatives to protect wildlife. This commitment is embedded as an integral part of the company's Sustainability Roadmap Vision 2030 (SRV 2030). As a concrete step, APP has established a robust monitoring system, using baseline as a reference. APP has also set long-term goals that encompass biodiversity management and conservation efforts in areas that are the focus of the company's operations.

Through this commitment, APP is exploring innovations and best practices in sustainable forest management, prioritizing the balance between economic activities and environmental conservation. The aim is to achieve long-term ecological sustainability and enhance environmental quality for future generations.

APP's conservation strategies encompass:



APP is also actively engaged in restoring natural forests across our supplier concession areas, aiming to revitalize degraded ecosystems while simultaneously preserving intact ones. Our restoration efforts encompass three key steps:

- **Eradication:** This is implemented in areas dominated by acacia plantations,
- **Natural Succession:** This approach is applied to areas with vegetation cover ranging from young shrubs to mature shrubs, and
- **Enrichment Planting:** This is carried out in areas with open land cover or sparse shrubland.

Key Highlights from 2023:

- **Maintaining Healthy Natural Forests:** We maintained a remarkable 85% of our natural forests in good condition across all regions.
- **Expanding Restoration Efforts:** Despite challenges such as encroachment, illegal mining, limited access, and dispersed locations, we successfully restored approximately 13,000 hectares of degraded natural forests and non-timber forests (include SERACS).
- **Collaborating for Ecosystem Restoration:** In partnership with PUSTANTDPI under BRIN (National Research and Innovation Agency), we embarked on initiatives to restore ecosystems and develop mycorrhizal inoculants to enhance the productivity of alternative tree species on peatlands.

The total area of APP's own concession and SERACS' pulpwood supplier forests with mandatory PHL certification is approximately 2.6 million hectares, of which are with voluntary IFCC-PEFC certification is approximately 2.4 million hectares. [RR-FM-160a.1]



APP and SERACS have achieved 100% PHL certification and 93% IFCC-PEFC certification for their forests

None of APP's operational sites are located within protected forest areas. It is APP's policy to not operate within protected forest areas. [GRI 304-1] [OJK F.9] The operational activities of APP inevitably have an impact on ecosystems, including changes in habitat structure during logging operations. These changes can have a significant impact on the populations of animals and plants within these ecosystems. [GRI 304-2] APP is committed to implementing a range of nature conservation programs, drawing upon the expertise of renowned conservationists, including those from the Sriwijaya University.

This commitment is evident in our direct survey and exploration efforts within our concession areas, complemented by comprehensive flora and fauna inventory and recording methodologies. It is important to note that APP operates within designated production forest areas. [GRI 304-3]

OKI Pulp and Paper Mill, in collaboration with the South Sumatra BKSDA (Natural Resource Conservation Agency), conducted a biodiversity assessment to evaluate the impact of the mill's operations and surrounding pulpwood supplier plantations. The assessment involved a survey of flora and fauna within the forest environment of the Tampin River - Tambatan River - Cakur River area in Banyuasin Regency, South Sumatra.

The survey identified 48 species of flora, including 18 tree species, 5 liana/ grass species, and 25 seedling species. Based on the Ministry of Environment and Forestry Regulation No. 106 of 2018 concerning the Conservation of Plant and Animal Species, none of the identified flora species fall under the protected category. However, one species, Rengas (*Gluta reinghas*), was classified as Vulnerable (VU) under the IUCN Red List 2020, indicating a threatened status. [GRI 304-4]



Based on the fauna survey and records, several IUCN-listed species were identified [GRI 304-4]



No	Indonesian Name	Scientific Name	IUCN List
1	Pecuk-ular asia	Anhinga melanogaster	Near threatened
2	Bangau tongtong	Leptoptilos javanicus	Vulnerable
3	Elang-ikan kepala-kelabu	Ichthyophaga ichthyaetus	Near threatened
4	Punai bakau	Treron fulvicollis	Near threatened
5	Pergam hijau	Ducula aenea	Near threatened
6	Bentet ekor panjang	Belocercus longicaudus	Near threatened
7	Kadalan beruang	Phaenicophaeus diardi	Near threatened
8	Pelanduk dada-putih	Pellorneum rostratum	Near threatened
9	Kerak kerbau	Acridotheres javanicus	Vulnerable
10	Trenggiling	Manis javanica	Critically endangered
11	Lutung kelabu	Trachypithecus cristatus	Vulnerable
12	Monyet ekor panjang	Macaca fascicularis	Endangered
13	Beruang madu	Helarctos malayanus	Vulnerable
14	Gajah Sumatra	Elephas maximus sumatranus	Endangered
15	Rusa sambar	Cervus unicolor	Vulnerable
16	Jelarang	Ratufa affinis hypoleucos	Near threatened

CONSERVATION OF LOCALLY RARE TREE SPECIES

The presence of rare local tree species is not only an integral part of a region's natural heritage but also contributes to the overall ecosystem. In this context, APP has recognized the importance of conserving rare local tree species and has taken concrete steps to do so. APP has placed a focus on conserving four rare local tree species that hold high ecological and economic value: the balangeran, ulin, trembesi, and ramin. These efforts encompass a range of strategies, from monitoring and restoring natural habitats to promoting replanting and conservation of these species.

It is noteworthy that APP has undertaken these conservation initiatives through collaboration with the Ministry of Environment and Forestry (MoEF) and the National Research and Innovation Agency (as locally known as BRIN). This cooperation strengthens the capacity and resources involved in conservation efforts, while ensuring that these initiatives are integrated with broader national conservation policies and programs.



MANGROVE CONSERVATION

Mangrove conservation plays a pivotal role in maintaining coastal ecosystem balance and promoting environmental sustainability. Mangroves, the dense forests that thrive between land and sea, offer a multitude of benefits, including serving as a habitat for diverse marine life, protecting against coastal erosion, and acting as potent carbon sinks. Recognizing the critical value of mangrove conservation is, therefore, imperative.

APP, fully understands the urgency of mangrove conservation, has pledged its unwavering commitment to actively engage in these endeavours. As part of its sustainability initiatives, APP has launched mangrove conservation programs across various locations in Indonesia. Collaborating with the government and the Mangrove Ecosystem Restoration Alliance (MERA), a multi-stakeholder platform spearheaded by Yayasan Konservasi Alam Nusantara (YKAN), APP is making significant strides towards preserving these vital ecosystems.

The Tangerang Mill has forged a collaborative partnership with the Tangerang District Government to manage the Ketapang mangrove area. Under this initiative, the Tangerang Mill has planted a total of 150,000 mangrove trees of the *Avicennia marina* species between 2018 and 2023. This program aims to safeguard the northern coastal region from erosion.

This multi-stakeholder collaboration exemplifies APP's unwavering commitment to actively participating in environmental conservation efforts by engaging diverse parties in the management and restoration of Indonesia's mangrove ecosystems.

150,000
Mangrove trees planted
throughout 2018-2023

WILDLIFE BREEDING

APP is dedicated to supporting the Indonesian government's efforts in preserving biodiversity. These efforts are focused on three species that rely on forests as their habitat: the Sumatran tiger, the Sumatran elephant, and the Bornean orangutan.

APP also engages its suppliers in biodiversity conservation efforts within their forest areas. Suppliers are mandated to conduct regular monitoring to evaluate the populations of these animals, in addition to developing and implementing sustainable forest management plans. They also collaborate with local organizations and governments to protect animal habitats.

PREVENTING NEGATIVE INTERACTION BETWEEN HUMAN-WILDLIFE

Human-wildlife negative interaction is a complex issue that demands integrated solutions.

APP recognizes this and is committed to preventing such conflicts through a range of measures, including:

1. Establishing Standard Operating Procedures (SOPs) for all forest activities.
2. Conducting pre-harvest surveys to identify wildlife presence and habitat and establishing wildlife evacuation routes. This minimizes the impact of harvesting on wildlife.
3. Implementing camera trapping monitoring and utilizing KMS (killing, maiming, capturing) mitigation tools to prevent wildlife from approaching human settlements and causing harm.
4. Investigating the root causes of human-wildlife conflict incidents.
5. Coordinating with the Natural Resources Conservation Agency (BKSDA) to ensure effective wildlife management and conservation.
6. Providing regular training and education to employees, contractors, and local communities on wildlife conflict prevention.

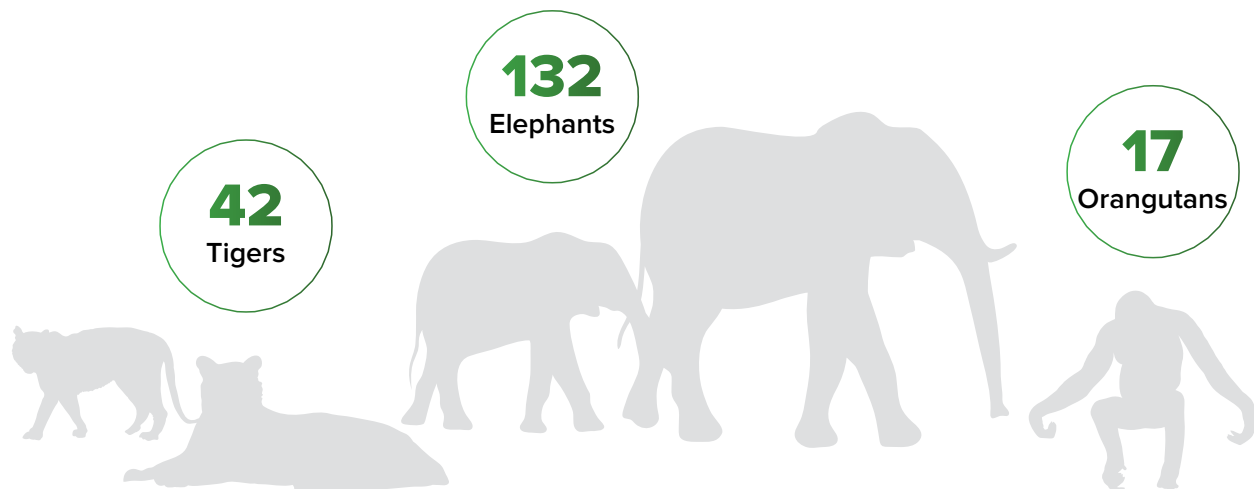
During the reporting year, data on hunting tools found in our concession areas indicated 0.32 traps per kilometre, lower than our target of two traps per kilometre. These traps are used to deter wild animals from entering human territory and to divert them to safer paths.

APP has collaborated with the South Sumatra Natural Resources Conservation Agency (BKSD) to establish Independent Village Posts in an effort to mitigate negative interactions between humans and wild elephants. This program involves two trained elephants to help prevent wild elephants from causing damage or engaging in negative interactions with communities.

The following is a list of the minimum populations of critically endangered wild species listed in the IUCN Red List based on 2023 data, which are the focus of APP's wood suppliers:

↓ **0.32 TRAPS**
per kilometre

🐘 **2 TRAINED ELEPHANTS**
to help prevent wild elephants from causing damage or engaging in negative interactions with communities





During the reporting year, negative interaction leading to human-wildlife fatalities persisted. To mitigate and address these negative interactions, we implemented various measures, including:

1. Collaborating with the Natural Resource Conservation Agency (BKSDA) to monitor elephant movement using GPS data. An early warning system was established to detect elephant movements in specific areas and guide them to safer locations, such as protected areas.
2. Enriching the elephants' diet and encouraging local communities to cultivate crops around their fields.
3. Conducting joint patrols with BKSDA, environmentalists, and village officials, covering a distance of 16.5 km in several elephant and tiger habitats.
4. Ensuring that strategic activities related to wildlife and flora population management, habitat conservation, and community development continue to involve experts from independent institutions/individuals to guarantee the authenticity, accuracy, and quality of data collection and reporting.

Challenges Faced:

1. Traditional practices employed by communities in partnership areas and land tenure conflict zones to protect agricultural land are often detrimental to wildlife. Additionally, the crops grown in these areas are typically favoured by herbivorous wildlife. Furthermore, livestock such as cows or goats are often raised in tiger corridors. To address these issues, APP conducts educational programs to raise awareness, including on topics such as criminal cases (investigation, prosecution, and law enforcement).
2. Encroachments continue to occur within forest management areas (PBPH). In response, APP has filed civil lawsuits seeking compensation for damages and environmental restoration costs arising from environmental destruction and/or other illegal activities, as determined by court rulings.

ENVIRONMENTAL MANAGEMENT

ENVIRONMENTAL COST (USD)	2021	2022	2023
Planting Costs (Including Land Preparation and Seedlings)	30,113,078	34,285,585	36,758,212
Plantation Maintenance Costs	42,284,353	43,427,663	45,308,177
Harvesting Costs	138,004,941	186,624,485	194,410,986
Waste Management Costs	47,309	40,306	39,129
Total	210,449,680	264,378,039	276,516,505

[OJK F.4]



ENVIRONMENTAL INITIATIVES AND PARTNERSHIPS

APP collaborates with a diverse range of partners and stakeholders to advance conservation and environmental protection efforts. Key collaborations undertaken in 2023 include:

Initiative	Partner	Activities	Focus
The Forest Restoration Project: "SDGs Together!"	Belantara Foundation	<p>Forest Restoration Project: "SDGs Together!" is an initiative that aims to donate a portion of the proceeds from the sale of APP Indonesia's products to the Belantara Foundation. The donations are used to plant seedlings of endemic tree species that are endangered in Indonesian forests damaged by degradation and wildfires. This program has been running since August 2020.</p> <p>By the end of 2023, we have successfully planted 40,366 trees on 94 hectares of land. This project is being implemented in the Giam Siak Kecil Bukit Batu landscape, Riau Province, which includes peat swamp forests and lowlands.</p>	Forest restoration
Living in Harmony	<div>The Forest Wildlife Society</div> <div>Rumah Sriksetra</div> <div>Belantara Foundation</div>	<p>Belantara Foundation together with Masyarakat Satwa Liar Hutan (MSWH), Rumah Sriksetra, and APP Indonesia, aims to empower communities in five villages in Ogan Komering Ilir (OKI) Regency, South Sumatra, to manage conflicts with wild elephants in a wise and sustainable manner. The program equips communities with the knowledge and tools to protect themselves and their property from elephant incursions, ensuring the safety of both humans and wildlife.</p> <p>Through this program, local communities receive training and capacity-building to better handle conflicts. The Living in Harmony program also provides education and awareness about elephant conservation to students in seven schools.</p> <p>Additionally, the program provides:</p> <ul style="list-style-type: none">• A nine-meter-high watchtower• Conflict mitigation equipment• Construction of artificial mineral sources (salt licks) to meet the mineral needs of elephants <p>The Living in Harmony program is part of Belantara's contribution to a broader landscape scale elephant conservation initiative. This program is initiated by various stakeholders, including the government, private sector, NGOs, and local communities, to ensure the long-term survival of the Sumatran elephant population. The program is funded by the Keidanren Nature Conservation Fund.</p>	<div>Human wildlife</div> <div>living in harmony</div>

Initiative	Partner	Activities	Focus
		<p>Creation of Artificial Mineral Sources (salt lick): We established artificial mineral sources at three locations, specifically in key corridors and areas frequently used by elephants. The goal is to keep elephants within these corridors and reduce the likelihood of them entering residential areas. A salt lick is a mineral deposit used by animals, especially herbivores, to obtain additional nutrients.</p> <p>Installation of Camera Traps: We installed two camera traps in front of the artificial mineral sources to record elephant activity in the area. The cameras were activated for 30 days. Observations showed that the mineral sources were used by various species, primarily herbivores. We suspect that we have not yet captured photos of elephants because they might still be on the other side of the landscape. Increasing the number of active days for the cameras is expected to yield elephant photos.</p> <p>Construction of a Watchtower: This tower was built to observe elephant movements around the village. It is part of the human elephant conflict mitigation efforts, particularly to support communities living in elephant habitats. The tower can also be used to monitor land fires.</p> <p>Digital Campaign and Crowdfunding: At the initial stage of the project, we conducted a digital campaign and fundraising through Kitabisa.com. Public donations amounted to IDR 13 million. These funds were used to equip residents in Simpang Heran with human-elephant conflict mitigation tools.</p>	
Sumatra Peatland Restoration	Belantara Foundation Wono Lestari FarmerGroups	<p>The Belantara Foundation is collaborating with the Wono Lestari Forest Farmer Group to develop a peatland protection and restoration program in Jati Mulyo Village. This initiative, called the Sumatran Peatland Restoration Program, began in March 2023 and has already planted at least 16,600 trees across 30 hectares.</p> <p>The program aims to protect and restore 93 hectares of degraded peatland in the local Community Forest over the next two years. Through this program, a minimum of five multipurpose tree species will be planted, providing both ecological and economic benefits to the community.</p> <p>The Sumatran Peatland Restoration Program is supported by One Tree Planted and APP.</p>	Peatland restoration

Initiative	Partner	Activities	Focus
Muda Mudi Konservasi	Belantara Foundation	The Belantara Foundation organizes a youth education program called “Muda Mudi Konservasi.” This program aims to educate and raise awareness among the younger generation about the uniqueness, beauty, ecological role, and conservation methods of Indonesia’s biodiversity and wildlife.	Educating and raising awareness of young generation to care Indonesia’s biodiversity and wildlife.
	PT Sharp Electronic Indonesia		
	PT Smart Forum Harimau Kita (FHK)	“Muda Mudi Konservasi” features engaging stories, photos, and infographics about Indonesia’s biodiversity and wildlife. Additionally, the program serves to publicize the achievements of various initiatives undertaken by the Belantara Foundation in collaboration with different partners.	
	The Indonesian Elephant Conservation Forum (FKGI)		
	The Indonesian Orangutan Conservation Forum (FORINA)	The main event of “Muda Mudi Konservasi” took place on September 9-10, 2023. The dates were intentionally chosen to align with the celebrations of International Tiger Day (July 29), National Conservation Day (August 10), World Elephant Day (August 12), and International Orangutan Day (August 19).	
	Eat and Run Biologeeek	The Belantara Foundation collaborates with the Forum Harimau Kita (FHK), the Indonesian Elephant Conservation Forum (FKGI), the Indonesian Orangutan Conservation Forum (FORINA), Eat and Run, Biologeeek, and other wildlife conservation organizations to host the series of “Muda Mudi Konservasi” programs. The goal is to increase public awareness, especially among the youth, to actively participate in protecting and preserving wildlife and their habitats in Indonesia.	
		The “Muda Mudi Konservasi” program is sponsored by APP, PT. SHARP Electronics Indonesia, and Pristine 8.6+ (PT. Smart).	
Orangutan Conservation Efforts in Industrial Forest Plantations in East Kalimantan and West Kalimantan	ECOSITROP	Tjiwi Kimia supports the operational funding for the collaboration between wood suppliers and ECOSITROP in efforts to conserve orangutans in the industrial forest areas of East and West Kalimantan. The suppliers conducted an integrated orangutan conservation training program, including orangutan evacuation simulations and rapid orangutan surveys (detection and monitoring) using foot patrols, aerial drones, and camera traps. Tjiwi Kimia also funds operational activities for the training and protection of orangutan habitats in collaboration with the East Kalimantan BKSDA and West Kalimantan BKSDA.	Orangutan Conservation

Initiative	Partner	Activities	Focus
Mangrove Restoration	Tangerang Regency	The Indah Kiat Tangerang mill has collaborated with the Tangerang Regency Government in managing the Ketapang mangrove area. As part of this initiative, the Indah Kiat Tangerang mill has planted a total of 150,000 mangrove trees between 2018 and 2023. The primary species planted is Avicennia marina. This program aims to protect the northern coastline from erosion.	Coastal protection of the north coast from erosion
Belibis Forest Park	Watershed Management Center (Balai Pengelolaan Daerah Aliran Sungai / BPDAS) Batang Hari – Jambi	The Management of Belibis Forest Park, a biodiversity conservation effort carried out by Lontar Papyrus in collaboration with the local government, namely the Batang Hari - Jambi Watershed Management Agency (BPDAS), involved the nurturing of 500 superior tree seedlings in 2023. These seedlings included Trembesi, Mahoni, Meranti, Bulian, and Gaharu trees. The selection of Trembesi and Mahoni trees was based on their ecological functions, while Meranti, Bulian, and Gaharu trees were chosen due to their status as rare species listed as threatened by the International Union for Conservation of Nature (IUCN) and included among the 10 species for rare tree protection. This initiative aligns with the SRV 2030 agenda for biodiversity conservation. Additionally, signages for Belibis Forest Park was installed within the habitat of these flat-billed birds.	Safeguarding Belibis Forest Park

FOREST STEWARDSHIP COUNCIL (FSC) ROADMAP PROCESS

Established in 1993, the Forest Stewardship Council (FSC) is an international non-profit organization dedicated to promoting responsible and sustainable forest management.

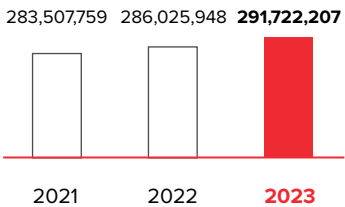
One of FSC's key functions is to establish standards and provide certification for responsible forestry practices. In 2023, APP continued its process for ending disassociation through remedy framework. For more information and the progress in the process, please visit: [link](#)



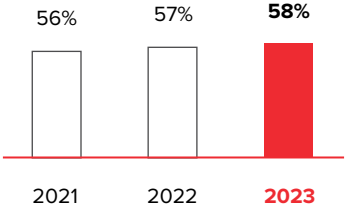
DOWNSTREAM

ENERGY

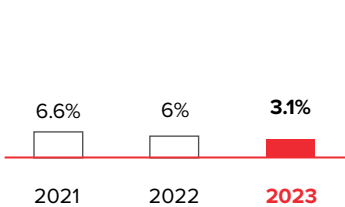
Energy consumption (GJ) [OJK B.2.a] Gigajoule



Renewable Energy (%)



Energy intensity reduction from the 2018 baseline



EMISSION

	Unit	2021	2022	2023
Emission (tonCO ₂ eq), Scope 1+2	tonCO ₂ eq	11,831,741	12,149,956	12,039,223
Emission intensity tCO ₂ eq/ ton		0.99	1.02	1.02
Emissions intensity reduction from the 2018 baseline [OJK B.2.b]	%	13%	11%	11%

WASTE AND WATER

	Unit	2021	2022	2023
Waste intensity reduction from the baseline 2018 [OJK B.2.c]	%	5.23%	5.04%	9.25%
Recycled waste (%)	%	35%	37%	45%
Water consumption intensity reduction from the 2018 baseline	%	10%	17%	17%

RESPONSIBLE SUPPLY CHAIN

SUPPLY CHAIN AND SUPPLIER POLICY

As a company committed to sustainable sourcing practices, APP places integrity and business ethics at the forefront of its relationships with its supply chain and suppliers. Driven by a vision to create a positive impact on the environment and society, APP has adopted stringent policies to ensure that all entities within its supply chain adhere to APP Code of Conduct and applicable integrity standards.

APP's supply chain encompasses a diverse range of partners, including suppliers of raw materials such as pulpwood from HTI plantations, recycled fibers, and long fibers; pulp and paper mills; local and international distributors or traders; and customers. Additionally, APP sources goods and services from a variety of providers, including suppliers of chemicals, fertilizers, environmental and social consultants, outsourced labour, etc.

A key initiative in ensuring supplier compliance is the communication of the Supplier Code of Conduct (SCoC) to all wood fiber suppliers partnering with APP. This SCoC serves as a clear and comprehensive guideline outlining the expected behavioural standards for all suppliers. The document covers critical aspects such as human rights, environmental protection, occupational health and safety, and fair and transparent business practices.

SUPPLIER EVALUATION FOR ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

APP conducts regular evaluations of its suppliers, with a focus on environmental criteria. This assessment process is designed to ensure that suppliers not only comply with applicable legal regulations but also implement best practices in environmental management. Aspects such as sustainable forest management, natural resource conservation, and the use of safe chemicals are key points in this assessment. In particular, the procurement of chemicals is governed by the Chemical Procurement Policy, which establishes specific quality and safety standards.

In addition, APP also conducts audits of suppliers focusing on social criteria, ensuring their compliance with labour laws and other social aspects. This initiative is in line with APP's commitment to operating its business with social responsibility and creating a positive impact on the communities involved in its supply chain. Every new suppliers are screened for social issues, thus ensuring that there are no negative social impacts in APP's supply chain. [GRI 417-1] [GRI 417-2]

Through these initiatives, APP goes beyond ensuring its suppliers adhere to high social and environmental ethical standards; it actively drives positive change across its supply chain.

LOCAL SUPPLIER

Prioritizing local suppliers is a strategy that has a positive impact on supporting local economic growth, creating jobs, and strengthening relationships between companies and local communities. APP is taking concrete steps to prioritize raw materials from local suppliers, recognizing the importance of mutually beneficial collaboration between companies and local communities. In addition, local procurement reduces transportation distances, which has the effect of reducing carbon emissions. In this way, APP is also contributing to efforts to reduce the environmental impact. Local suppliers are suppliers who are domiciled in Indonesia. Around 94% of APP's suppliers are local suppliers from Indonesia. [GRI 204-1]

1. Percentage of pulpwood fiber weight sourced from third-party SERACS certified sustainable forest management (percentage of weight): 55% [RR-PP-430a.1]
2. Total recycled wood fiber purchased: 3,083,887 tons [RR-PP-430a.2]

RESPONSIBLE PRODUCTS

APP's products include:



Pulp



Packaging



Paper



Stationery



Tissue



Surgical masks

APP ensures that all its products are safe for customers. Our food-related products or food storage products are certified “food grade”. Other products comply with the regulations and safety standards of the countries where APP operates, such as bans on certain chemicals and reductions in plastic content in product packaging, among others. [QJK F.17]

ENVIRONMENTALLY FRIENDLY PRODUCT

Paper is inherently an environmentally friendly product. However, there are still components in the papermaking process that can be reduced or eliminated, resulting in a more environmentally friendly final product. One such measure is the ban on “forever chemicals” (Per- and Poly-Fluoro Alkyl Substances) that were previously used as greaseproof paper coatings. APP is also working to increase the use of “biodegradable” packaging paper, as many packaging papers are still laminated with PE plastic. The challenge here is the relatively higher cost of biodegradable materials compared to PE laminate plastics. Another initiative is to reduce the use of plastic in paper roll or pallet wraps, but this will take time as the strength requirements cannot yet be met by existing paper grades. [QJK E.5]

APP'S CUTTING-EDGE ECO-FRIENDLY PACKAGING SOLUTIONS:

In addition to the FOOPAK Natura Cup with a PE lining developed by APP for food-grade paperboard packaging, here are APP's latest innovations to enrich its product portfolio:

- FOOPAK Bio Natura:** A groundbreaking solution for eco-friendly food and beverage packaging. This product utilizes patented water-dispersion coating technology to replace plastic liners in foodservice packaging.
 - Optical Brightener Agent (OBA)-free for a safer, more environmentally friendly choice.
 - Remarkably temperature resistant, withstanding extreme conditions from freezing to scorching heat.
 - Engineered with exceptional edge wicking capability, outperforming standard cup stocks.
 - Compostable at home or in industrial facilities due to their non-plastic composition.
 - Readily recyclable and remanufactured without the need for additional processing.
- FOOPAK Bio Container:** Eco-friendly solution for takeaway boxes. This product utilizes patented water-based dispersion coating technology to deliver water and moisture resistance without the need for plastic liners or extrusion.
 - Certified pulpwod sources.
 - Plastic-free, recyclable, and can be remade without additional treatment.
 - Heat-sealable, compatible with existing lunch box machines with minor adjustments.
- FOOPAK Magna Board:** High-quality, OBA-free premium carton, ideal for serving plates, trays, and takeaway packaging. Suitable for food packaging that requires rigidity and high capacity.
- FOOPAK Anchor Plus:** A premium carton solution specifically designed for seafood packaging. This product offers excellent barrier performance and strong absorbency to prevent liquid from seeping through cut edges, providing reliable protection.
 - Prints well.
 - Meets food safety standards in accordance with the US FDA.

PRODUCT CERTIFICATION

Product certification is an essential part of APP's business process, as it represents official recognition from independent organizations that the products meet certain standards. APP's products have received various certifications from trusted institutions, both in Indonesia and internationally. These certifications ensure that APP products meet high quality and safety standards and are produced with environmental sustainability in mind.

All APP products undergo a meticulous inspection process to guarantee customer safety. Committed to premium quality, these products are designed to meet customer needs while ensuring satisfaction. It is assured that no products pose harmful effects to consumers. On the contrary, APP prioritizes environmentally friendly and safe products for customers.

Due to this diligence, no products were recalled during the reporting year.

[OJK F.27] [OJK F.28] [OJK F.29]



Below is information regarding the certifications of APP's Mills:

Description	Indah Kiat Perawang	Indah Kiat Serang	Indah Kiat Tangerang	Pindo Deli Karawang	Pindo Deli Perawang
Quality Management System	ISO 9001	ISO 9001	ISO 9001	ISO 9001	ISO 9001
Product	Halal	Halal	Halal	Halal	Halal
	SNI 6991:2015			Environmental Choice – New Zealand Ecolabel	Environmental Choice – New Zealand Ecolabel
	SNI 8126:2014			Ecolabel Indonesian Standard	Singapore Green Labelling Scheme
	Singapore Green Labelling Scheme			Singapore Green Labelling Scheme	
	Sirim Ecolabel 071:2018			Green Mark – Taiwan Ecolabel Standard	
	Ecolabel – Indonesian Standard			SNI 6691: 2015	
				SNI 812:2014	
Environmental Management System	ISO 14001	ISO 14001	ISO 14001	ISO 14001	ISO 14001
	ISO 50001	ISO 50001	ISO 50001	ISO 50001	ISO 50001
Occupational Health & Safety	SMK3	SMK3	SMK3	SMK3	SMK3
	ISO 45001	ISO 45001	ISO 45001	ISO 45001	ISO 45001
Chain of Custody	PEFC	PEFC	PEFC	PEFC	PEFC
	SVLK	SVLK	SVLK	SVLK	SVLK
Product Specification	RoHS	RoHS	RoHS	RoHS	RoHS
	SVHC Screening	SVHC Screening	SVHC screening	SVHC screening	SVHC screening
		Food grade paper/board food packaging direct contact		ISO 22000	Food contract safety grade for paper & paperboard
		ISO 22000			Dermatological test on humans
Others				ISO 17025	

Description	Lontar Papyrus	Tjiwi Kimia	Ekamas Fortuna	OKI	Univenus Perawang
Quality Management System	ISO 9001	ISO 9001	ISO 9001	ISO 9001	ISO 9001
Product	Halal	Halal	Halal	Halal	Halal
		Ecolabel – Indonesian Standard			
		Green Seal			
		Singapore Green Labelling Scheme			
Environmental Management System	ISO 14001	ISO 14001	ISO 14001	ISO 14001	ISO 14001
	ISO 50001	ISO 50001	ISO 50001		
Occupational Health & Safety	SMK3	SMK3	SMK3	SMK3	
	ISO 45001	ISO 45001	ISO 45001		
Chain of Custody	PEFC	PEFC	PEFC	PEFC	PEFC
	SVLK	SVLK	SVLK	SVLK	SVLK
Product Specification	RoHS	RoHS	RoHS	RoHS	RoHS
	SVHC screening	Food-grade paper/board	SVHC screening	SVHC screening	SVHC screening

Note:
1. According to specific environmental evaluation
2. Scope of evaluation includes: Indah Kiat Perawang

Description	Purinusa Semarang	Purinusa Demak	Purinusa Bandung	Purinusa Subang
Quality Management System	ISO 9001	ISO 9001	ISO 9001	ISO 9001
Chain of Custody	PEFC	PEFC	PEFC	PEFC

PRODUCT AND MARKETING INFORMATION

- Recognizing that transparency and trust are essential pillars of strong customer relationships, APP is committed to providing clear and accurate information on all our products, including: [GRI 417-1]
- **Material Composition:** We provide a detailed list of raw materials used in the product’s manufacturing, including fiber types, chemicals, and other additives.
 - **Product Characteristics:** Information regarding product specifications and applications is readily available to assist customers in selecting the most suitable product for their needs.
 - **Product Certifications:** We display certification logos associated with the product, such as PEFC™ and ISO, as a testament to our commitment to quality and environmental sustainability.
 - **Contact Information:** We provide easily accessible contact details for customers seeking further information or wishing to raise concerns regarding the product.

There were zero product information violations during the reporting year. [GRI 417-2]

APP always prioritizes responsible and ethical marketing practices. We ensure that all information conveyed in advertisements and marketing materials is accurate and non-misleading. This is crucial for maintaining customer trust and building sustainable relationships. [GRI 417-3]

To ensure customer satisfaction, APP conducts regular customer satisfaction surveys annually, conducted by the quality team in collaboration with the sales team. The results of these surveys indicate high levels of customer satisfaction. [OJK F.30]

Customer Survey Report

Type	2021	2022	2023
Questionnaires and Feedback Rating	★★★★☆ 4 out of 5	★★★★☆ 4 out of 5	★★★★☆ 4 out of 5



INNOVATIONS TO SUPPORT SUSTAINABILITY



APP continues to innovate to support sustainability across various aspects of its operations. Here are some examples of innovations undertaken by APP:

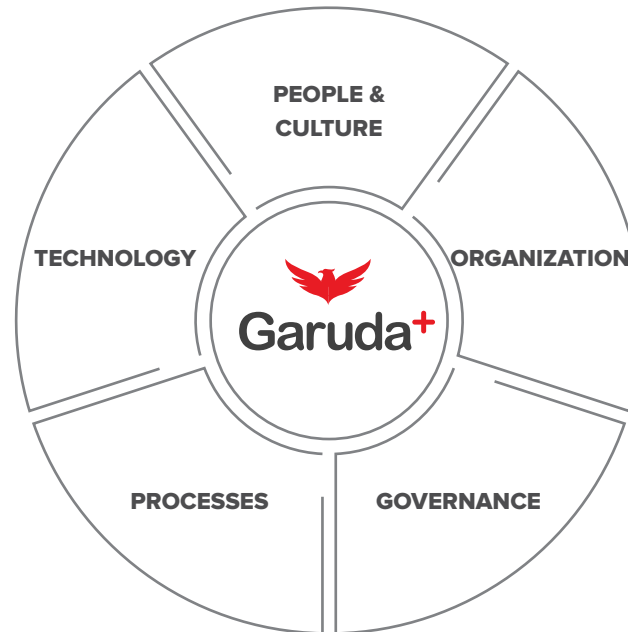
- **Cutting-edge Technology:** APP employs state-of-the-art technology to enhance precision, efficiency, and productivity while reducing environmental impact. For instance, APP utilizes computerized control systems to optimize energy and raw material usage. Interlocking systems help prevent machine damage and optimize energy usage for operators handling the machines.
- **New and Advanced Machinery:** APP invests in new and advanced machinery that is more energy-efficient and environmentally friendly. For example, APP utilizes advanced pulp paper machines to improve production efficiency and reduce greenhouse gas emissions.
- **Sustainable Products:** APP's Foopak Bio Natura, a flagship product made from environmentally friendly materials that are free from plastics and other harmful compounds. This ensures the safety of the product for customers. Foopak Bio Natura is biodegradable and compostable, making it a suitable choice for an increasingly environmentally conscious world. In the reporting year, Foopak Bio Natura's export sales reached USD 48 million, and local sales reached USD 25 million. [OJK F.26] [E.3.1.1]

DIGITAL TRANSFORMATION THROUGH Garuda+

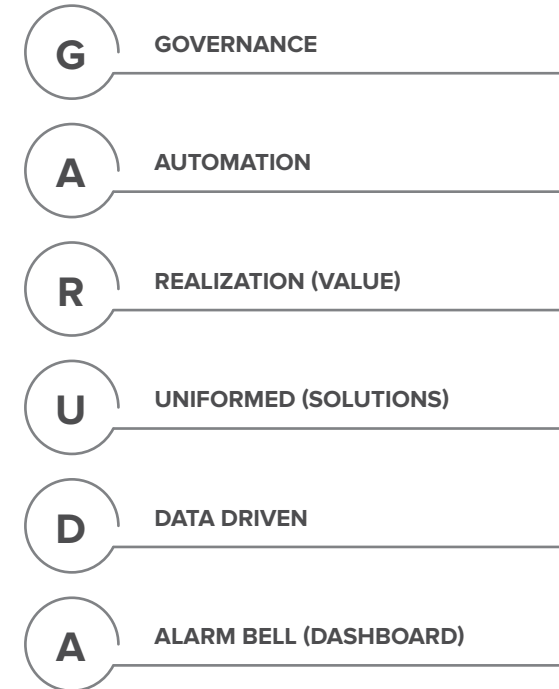
For more efficient company management, APP launched the Garuda+ digital transformation aimed at integrating all business processes, human resources, and digital technology within the company. This digital platform is built on the principles of 5S: **simple, standard, sustainable, seamless, smart**.

The three main objectives of Garuda+ are:

1. Vertical integration and enhanced collaboration through the simplification and harmonization of business processes;
2. Leveraging the latest technology to develop and implement the digital transformation roadmap of APP Indonesia; and
3. Implementation of business and digital transformation across all operational activities of the company.



Garuda+ Key Guiding Principles



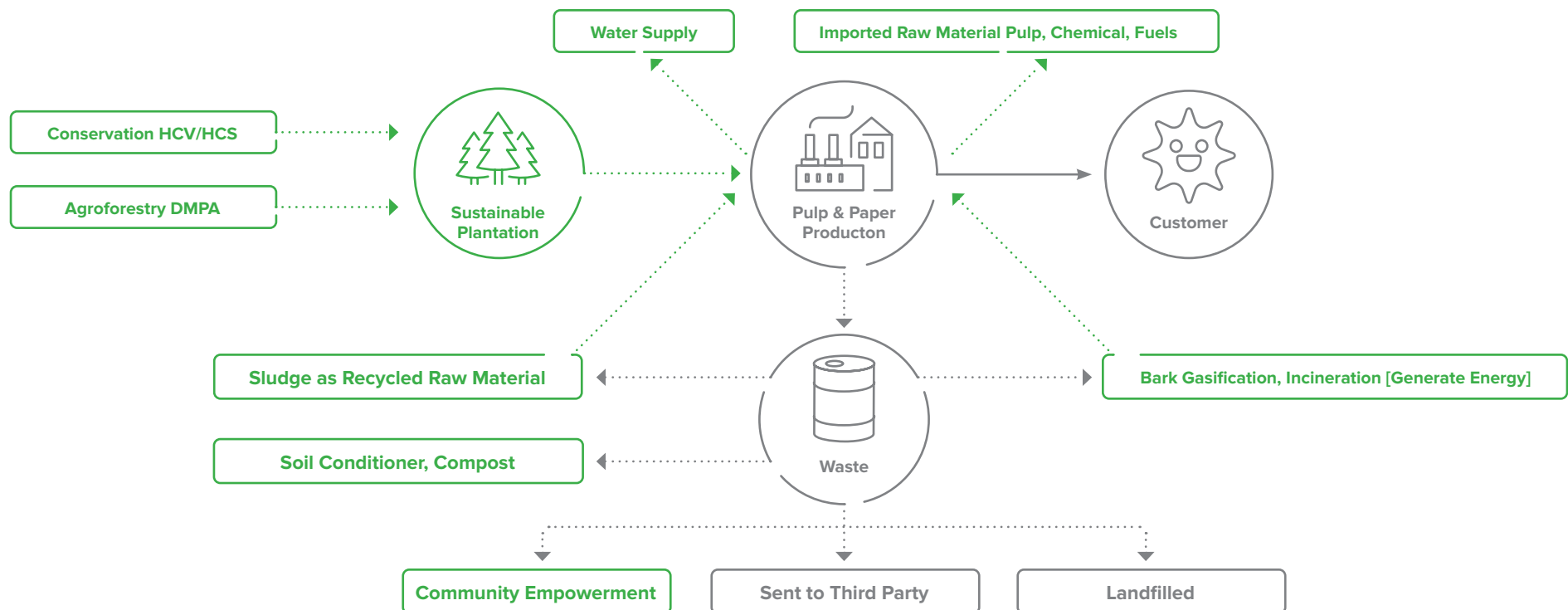
Garuda+ is an ambitious and innovative digital transformation program that has had a significant positive impact on APP Indonesia:

- **Efficiency:** Garuda+ has helped to streamline and automate business processes, leading to improved efficiency and productivity.
- **Collaboration:** The Garuda+ digital platform enables better collaboration between employees and departments across the entire company.
- **Data analytics:** Garuda+ provides access to better data and analytics, helping the company make more informed decisions.
- **Sustainability:** Garuda+ supports APP's efforts to achieve sustainability by reducing energy consumption and greenhouse gas emissions.

CIRCULAR BIO-ECONOMY

Amidst environmental issues and natural resource crises, APP emerges with an innovative concept: Circular Bio-Economy (CBE). This business model is not just a solution but a revolution that changes our perspective on industry and sustainability. Circular bio-economy focuses on the sustainable and efficient utilization of natural resources. Instead of taking and disposing, this model encourages the circulation of raw materials and products within a closed loop. In APP, circular bio-economy consists of various processes as follows:

- Responsible management of industrial plantation forests, prioritizing High Conservation Value/High Carbon Stock areas, and mitigating the potential of forest fires.
- Efficient and environmentally friendly production, utilizing technology to optimize raw material usage and minimize energy and water consumption.
- Utilization of renewable energy sources (biomass) and energy from recycled materials such as sludge and bark. [E.2.1.7]
- Utilization of waste that can still bring benefit for the community, such as composting, and overall reduction of production waste.



MATERIAL

APP has designed and implemented innovative processes to utilize raw materials in the most efficient way and reduce waste. The primary focus of this initiative is on pulpwood fiber, which is the main material in paper production. By developing specialized systems, APP minimizes fiber loss in its production processes.

It is important to note that APP emphasizes the use of recycled materials as a strategic step in achieving sustainability goals. In reaching the Sustainable Roadmap Vision (SRV) 2030 target, where at least 30% of raw materials should come from recycling, APP has achieved remarkable results with 48% utilization of recycled fiber, or 3,083,887 tons out of a total of 6,477,970 tons in 2023. [GRI 301-2] [E.2.1.7] This success surpasses the expectations set in the SRV 2030. In addition to optimizing efficiency in the use of wood fibres, APP also utilizes reclaimed materials in its packaging, amounting to 19%. These products are sourced from local or imported post-consumer waste. [GRI 301-3]

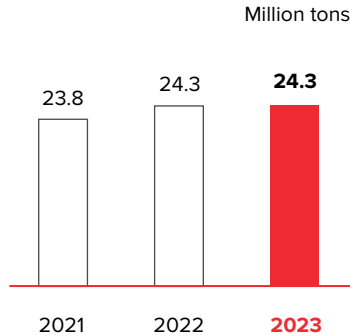
The decision to transition to recycled materials aligns with the growing demand for recycled products from customers. Increased public awareness of environmental issues and sustainability has created significant opportunities for APP. By integrating recycled fibers into the production process, APP not only reduces pressure on forests and ecosystems but also strengthens its commitment to sustainability.

[GRI 301-1] [OJK F.5]

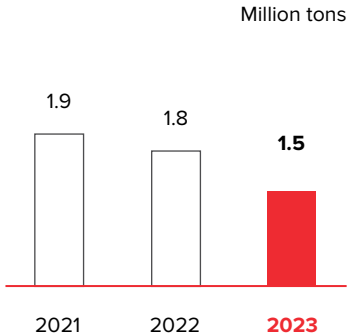
MATERIAL BASED ON VOLUME

Pulp Production Material

Pulpwood



Chemicals



Description	Unit	2021	2022	2023
Paper Production Material				
Virgin Fiber	Million tons	3.2	3.5	3.4
Recycled Fiber [E.2.1.7]	Million tons	2.9	3.1	3.1
Chemicals	Million tons	1.2	2.5	2.9
Packaging materials	Million tons	0.4	0.4	1.2
Total renewable materials	Million tons	30.4	31.3	32.0
Total non-renewable materials	Million tons	3.2	4.3	4.4
Total amount of recycled materials	Percentage	48%	47%	48%

CLIMATE RESILLIENCE

ENERGY EFFICIENCY AND GREENHOUSE GAS (GHG) EMISSIONS REDUCTION

APP demonstrates a serious commitment to reducing its carbon footprint and environmental impact in its operational activities. In the context of climate change mitigation, APP takes strategic steps to minimize the use of non-renewable energy and maximize the utilization of sustainable energy sources. Some of these initiatives involve:

1. Utilization of Renewable Energy

Sources [E.1.8.3]

APP embraces renewable energy sources, including biomass and solar power. Investing in renewable energy infrastructure helps reduce the company's reliance on fossil fuels and lower carbon emissions.

2. Waste Utilization as an Energy Source

As a proactive measure, APP utilizes the waste generated during its production processes as an energy source. This process involves converting organic waste into energy, transforming waste that was previously considered a burden into a valuable resource. For instance, B3 sludge and solid wood waste are employed as boiler fuel substitutes.

3. Biomass Utilization

APP utilizes biomass as one of its energy sources. The biomass employed can originate from wood residues or other organic materials.

Biomass utilization contributes to minimizing air pollution and greenhouse gas emissions. This is because biomass combustion releases carbon dioxide equivalent to the amount absorbed by plants during their growth.

4. Energy Efficiency

Beyond adopting sustainable energy sources, APP also prioritizes enhancing energy efficiency across its entire operations. This encompasses the implementation of advanced technologies and best practices to optimize energy utilization and minimize unnecessary energy waste.

5. Equipment Maintenance

Equipment maintenance is one of the factors supporting energy conservation. Therefore, APP schedules maintenance and inspections for boiler systems and Miniature Circuit Breakers (MCBs) to prevent electrical leaks.

6. Technology Innovation

APP continues to invest in research and development of green technologies to enhance energy efficiency and identify innovative solutions in managing carbon footprints.



ENERGY CONSUMPTION WITHIN AND OUTSIDE THE ORGANIZATION

Renewable Energy Sources (GJ)	2021	2022	2023
Bark	24,845,883	21,713,549	23,683,898
Black Liquor	130,927,935	137,256,780	140,669,805
Sawdust	155,020	176,000	101,655
Palm Shell	0	0	0
Wet Sludge	320,396	488,740	287,414
Empty Fruit Bunches (EFB)	16,551	580,020	383,203
Palm Fiber and Rubber Compound Oil (RCO)	2,328,552	2,261,078	1,740,717
Biogas	64,048	8,857	9,471
Biodiesel	N/A	419,550	467,120
Methanol	N/A	430	419
PLTS	N/A	N/A	12,488
H ₂	N/A	N/A	224
Total (GJ)	159,070,267	162,905,302	167,356,413

Non-Renewable Energy Sources (GJ)	2021	2022	2023
Coal	99,714,071	104,115,199	108,406,572
Diesel Oil	1,091,256	698,085	694,200
Gasoline Oil	20,112	23,201	22,143
Industrial Diesel Oil	71,193	123,909	67,663
Marine Fuel Oil	825,521	705,161	344,129
Waste Oil	89,405	N/A	N/A
Natural Gas	19,828,442	14,152,175	12,400,076
Total (GJ)	121,640,000	119,817,729	121,934,782
Purchased Electricity (non REC)	3,343,755	3,034,885	1,668,820
Sold Electricity	52,100	45,522	3,729
Purchased Electricity (REC)	N/A	313,852	765,921
Total energy consumption	283,507,759	286,025,948	291,722,207

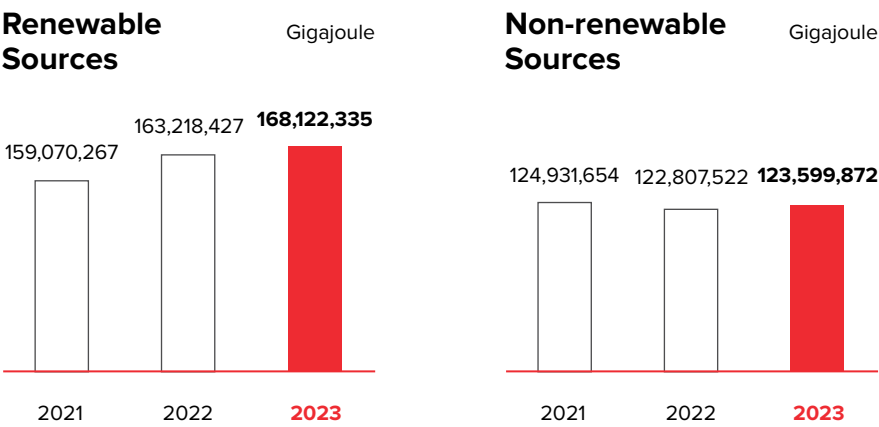
Energy calculations are based on the following standards:

- Energy calculations utilizes the IPCC methodology at Tier 3 level. We conduct laboratory analyses to determine the calorific values of our fuel's usage.

PERCENTAGE OF ENERGY GENERATED BASED ON FUEL SOURCES

Description	2021	2022	2023
Bark	8.9%	8.1%	8.2%
Black Liquor	46.6%	52.3%	48.7%
Sawdust	0.1%	0.1%	0.04%
Palm shell, palm fiber, RCO	0.83%	0.1%	1.43%
EFB	0.0%	0.8%	0.13%
Sludge & Biogas	0.1%	0.4%	0.1%
Methanol	0.1%	0.0%	0.0%
H ₂	0.0%	0.0%	0.0%
Coal	35.5%	35.6%	37.54%
Marine Fuel Oil	0.7%	0.6%	0.39%
Gas	7.1%	4.8%	4.36%

ENERGY CONSUMPTION WITHIN THE ORGANIZATION
(GIGAJOULE)



[GRI 302-1] [OJK F.6] [RR-PP-130a.1]

APP acknowledges the importance of reducing the use of fossil-based energy in efforts to preserve the sustainability of the planet. Therefore, approximately 58% of APP’s energy needs are sourced from renewable energy. This represents an 8% increase from the 2018 baseline.

ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION

Energy Sources	2021	2022	2023
Sold Electricity (GJ)	52,100	45,522	3,729
Total (GJ)	52,100	45,522	3,729

ENERGY INTENSITY

Energy Sources	2021	2022	2023
Intensity Energy (GJ/ton products)	23.84	23.98	24.71

In the SRV 2030, APP has set a goal to achieve a 25% reduction in energy intensity from the 2018 baseline of 25.5 GJ/ton of production. In the reporting year, we have achieved a 3% reduction in energy intensity from the baseline. This is a remarkable achievement, as a result of various strategic initiatives undertaken by APP, such as improving operational equipment effectiveness, conducting equipment maintenance, implementing energy efficiency measures, adopting new technologies, and increasing biomass consumption.

±58%

APP's energy are sourced from renewable energy

3%

Energy intensity reduction from the 2018 baseline

ENERGY CONSUMPTION REDUCTION

Energy Sources	2021	2022	2023
Electricity (GJ)	3,291,655	3,303,214	2,431,012
Fuels (Diesel Oil, Gasoline IDO, MFO) (GJ)	2,008,082	1,550,355	1,128,134
Natural Gas (GJ)	19,828,442	14,152,175	12,400,076
Total reduction (GJ) *	N/A	6,122,435	3,046,523

*) Energy usage comparison between the current and previous year

APP has taken concrete steps to reduce energy consumption in its operations, particularly through lighting and illumination initiatives. These initiatives aim to achieve energy efficiency, lower carbon footprints, and support the transition to more sustainable energy sources. Some key steps include:

1. Embracing LED Lighting

APP has proactively replaced conventional lighting systems with more efficient LED lights. LED lights are renowned for their lower energy consumption and longer lifespan compared to conventional bulbs. This initiative has significantly reduced energy consumption in production areas.

This program focuses on enhancing employee skills in managing and optimizing resource usage, including energy. It involves training and developing employees to become experts in energy-efficient practices.

2. Switching to Translucent Roofs

As part of its energy reduction strategy, APP has replaced roofs in production areas with materials that allow sunlight penetration. Translucent roof is employed to enhance natural lighting within buildings, reduce reliance on artificial lighting, and optimize the utilization of renewable energy sources.

4. Monitoring by the Olympic System Team (MBOS)

The effectiveness of the Skill Development Activity (SDA) Program in reducing energy consumption is closely monitored by the Olympic System Team (MBOS). This team is responsible for measuring performance, evaluating the impact of initiatives, providing recommendations for continuous production efficiency improvements, and identifying additional energy-saving opportunities.

3. Skill Development Activity (SDA) Program

Energy reduction efforts are integrated into the company’s Skill Development Activity (SDA) Program.

ENERGY CONSUMPTION FOR PRODUCTS AND SERVICES

To reduce the energy consumption associated with its products and services, APP is committed to enhancing the efficiency of its operational equipment, implementing optimal maintenance practices, utilizing more efficient technologies, and increasing the use of biofuels.

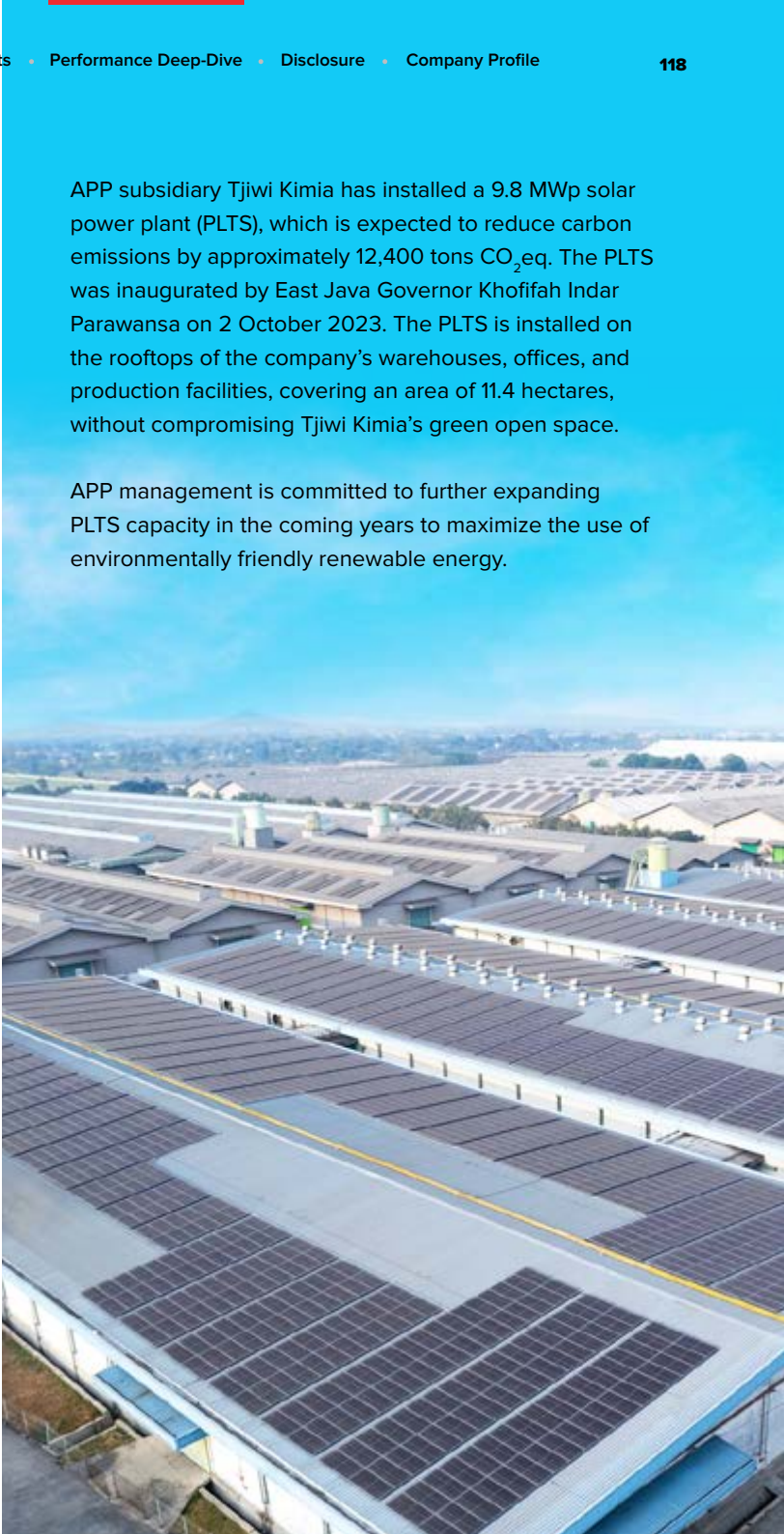
This reduction in energy consumption is measured through energy intensity, which represents the energy utilized during production. Aligned with the Sustainability Roadmap Vision (SRV) 2030 targets, APP aims to achieve a 25% reduction in energy intensity compared to the 2018 baseline.

In 2023, energy intensity was recorded at 24.71 GJ/ton, indicating a 3.1% reduction compared to 2018. This demonstrates APP’s unwavering commitment to sustainability and energy efficiency across its operations. [GRI 302-5] [OJK F.6]

3.1%
**Energy intensity
reduction from year
2018**

Energy Source	2021	2022*	2023
The energy required for production (GJ)	283,507,759	286,025,948	291,722,207
Total production (ton)	11,893,089	11,928,343	11,804,030
Energy per unit of product or service (GJ/ ton)	23.84	23.98	24.71

*) Restatement energy year 2022



APP subsidiary Tjiwi Kimia has installed a 9.8 MWp solar power plant (PLTS), which is expected to reduce carbon emissions by approximately 12,400 tons CO₂eq. The PLTS was inaugurated by East Java Governor Khofifah Indar Parawansa on 2 October 2023. The PLTS is installed on the rooftops of the company’s warehouses, offices, and production facilities, covering an area of 11.4 hectares, without compromising Tjiwi Kimia’s green open space.

APP management is committed to further expanding PLTS capacity in the coming years to maximize the use of environmentally friendly renewable energy.

EMISSION

APP is dedicated to rigorous emissions management through the implementation of a Continuous Emissions Monitoring System (CEMS). This system empowers APP to monitor gas emissions from its mills in real time. [E.1.7.0.1]. This system also assists APP in identifying its primary emission sources, enabling corrective actions to be taken. The emissions monitored by APP through CEMS are Particulate Matters (PM), Sulfur Oxide (SO₂), Nitrogen Oxide (NO_x), Mercury (Hg), and for Carbon Dioxide (CO₂) is monitored using other system. All of which are generated from fuel combustion. Other emission reduction efforts include the utilization of environmentally friendly renewable fuels, which have been implemented across various APP mills. [E.1.1.6] [TCFD M2]

As part of its air emissions reduction program, APP has set a target of reducing SO₂ and NO_x emissions by <10% below the standard threshold through the implementation of the Sustainability Index KPI. We conduct external monitoring programs every three to six months based on the AMDAL (Environmental Impact Assessment) and in accordance with the regulations of the Ministry of Environment and Forestry. The data and information obtained from this monitoring are used for continuous improvement, both in APP's operations and in forward planning, to achieve cleaner operations. [E.1.2.13] [E.1.7.0.2]

APP aims to reduce its carbon footprint by 30% by 2030. In alignment with the Indonesian government's goal of achieving Net Zero emissions by 2060, APP is actively supporting this initiative. Currently, APP is conducting a study to align its Net Zero goals with the Science Based Targets initiative (SBTi). Specific targets related to climate risk management and opportunities are outlined on page 21. [TCFD M3]

In 2023, APP successfully achieved emission levels that comply with applicable regulations, demonstrating the company's commitment to sustainability and environmental compliance. Our ESG evaluation is available in our CDP (Climate Change, Forests and Water) report, which can be accessed on our [website](#).

However, these emission reduction efforts have faced several challenges, including the limited availability of biofuels and the high cost of renewable fuels, making the process uneconomical. Additionally, the lack of gas turbine facilities poses a significant challenge when mills want to switch from coal to gas fuel. Switching from high-calorific coal to more readily available low-calorific coal presents the challenge of increased carbon intensity. Nevertheless, APP remains committed to achieving carbon emission reduction targets across its operations. [OJK E.5]

EMISSION MANAGEMENT STRATEGY

- ✓ Implement continuous emissions monitoring (CEM) sensors to track exhaust gas emissions in real-time, ensuring they remain below regulatory limits.
- ✓ Incorporate Spent Desulfurization Tail Gas (SDT) emissions treatment into the Recovery Boiler (RB) unit. Burning SDT gas will both reduce overall emissions and generate energy.
- ✓ Optimize the performance of Electrostatic Precipitator (ESP) control devices to effectively manage exhaust gas emission loads.
- ✓ Minimize emissions from the RB unit by replacing the wet scrubber with a NaOH scrubber. NaOH scrubbers are more efficient in capturing SO₂ and NO_x gases compared to wet scrubbers, leading to reduced overall emissions.

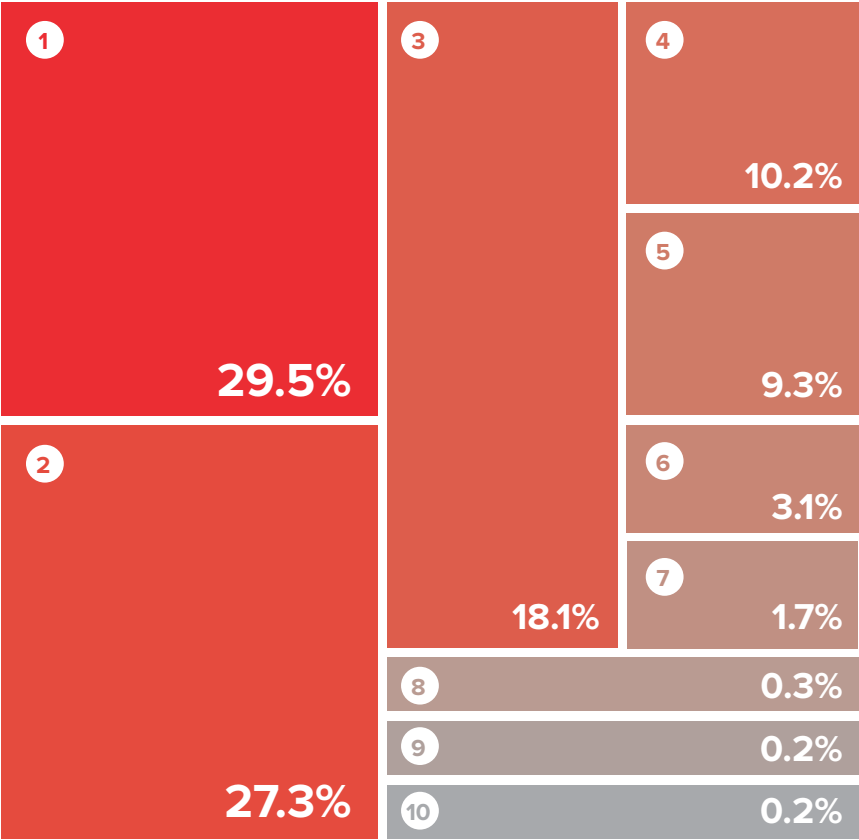
GHG EMISSIONS (SCOPE 1, 2, 3)

GHG Emission (tCO ₂ eq)	2021	2022*	2023
Scope 1	11,021,377	11,444,727	11,535,826
Scope 2 (electricity, market based)	810,364	705,229	503,397
Subtotal Scope 1 & 2	11,831,741	12,149,956	12,039,223
Biogenic Scope 1 & 2	15,713,427	15,949,897	16,342,954
Scope 2 (electricity, location based)	810,364	781,261	688,945
Scope 3	9,340,532	7,353,064	9,525,559
Biogenic Scope 3	21,475,276	19,000,295	21,029,928

* Restatement of 2022 data due to the update in calculation methodology to IPCC AR-6.

- The assessment of greenhouse gas (GHG) emissions is based on the methodologies of the Intergovernmental Panel on Climate Change (IPCC) and the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) - Greenhouse Gas (GHG) Protocol.
- Emission factors and global warming potential (GWP) for Scope 1 are based on the IPCC's Sixth Assessment Report for 2022 and 2023, and on the Fifth Assessment Report for 2021.
- The gases included in the calculations are CO₂, CH₄, N₂O, HFCs, and PFCs.
- A consolidation approach for emissions; operational control.
- Pertamina's specifications are used to calculate fuel oil conversion factors.
- Due to well-managed aerobic wastewater treatment system, GHG emission from wastewater treatment area assumed to be zero
- Scope 1 includes direct emissions from fuel used in power generation, gasoline for company vehicles, purchased CaCO₃ for lime kilns, solid waste to landfills, and refrigerant consumption.
- For Scope 2, APP calculate its location based and market-based emission from imported electricity. Scope 2 location based calculate total imported electricity and scope 2 market based calculate only the fossil imported electricity. Both methods use emission factor of PLN (ESDM), where we assume that location and market based have the same emission factor.
- Scope 3 for 2023 includes purchased goods and services, capital goods, activities related to fuel and energy not covered in Scope 1 or Scope 2, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, and processing of sold products.

SCOPE 3 EMISSIONS BREAKDOWN



- 1

Purchase of goods and services
- 2

Energy and fuel-related activities not included in scope 1 & 2
- 3

Processing of sold products
- 4

Downstream transportation and distribution
- 5

Upstream transportation and distribution
- 6

Capital goods
- 7

End-of-life treatment of sold products
- 8

Employee commuting
- 9

Waste generated in operations
- 10

Business travel

Breakdown of Scope 3 Greenhouse Gas Emissions (tCO₂eq) [TCFD M2]

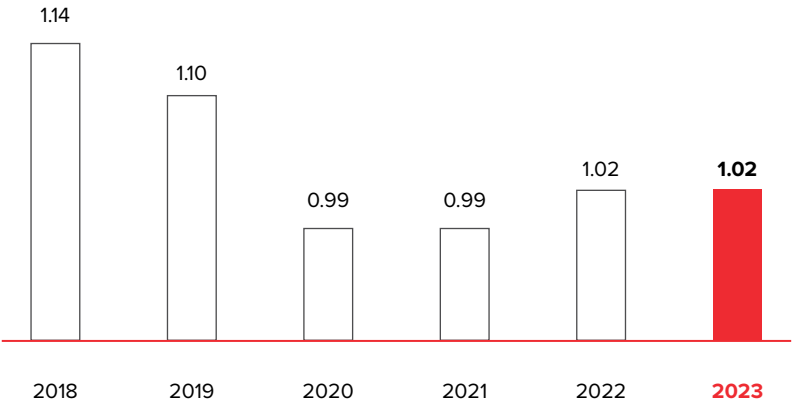
Components (tCO ₂ eq)	2023*
Purchased goods and services	2,808,058
Capital goods	298,145
Fuel- and energy-related activities not included in Scope 1 or 2	2,604,615
Upstream transportation and distribution	888,006
Waste generated in operations	18,735
Downstream transportation and distribution	975,423
Business travel	20,135
Employee commuting	28,496
Processing of sold products	1,726,729
End-of-life treatment of sold products	157,218
Total Scope 3 fossil emissions	9,525,559

* There have been improvements in the methods and categories for calculating coverage 3 in 2023

9,525,559TONS

Total Scope 3 Fossil Emissions

GHG EMISSIONS TREND



0.12

Trend decrease of emission intensity from 2018 baseline

GHG EMISSION INTENSITY

Description	2021	2022	2023
Total emissions (tCO ₂ eq)	11,831,741	12,149,956	12,039,223
Production Unit (ton)	11,893,089	11,928,343	11,804,030
Total (Ton CO ₂ eq/ton product)	0.99	1.02	1.02

*) Emission intensity calculates Scope 1 and Scope 2 GHG emissions

EMISSION REDUCTION

	2023
Emission Reduction (tCO ₂ eq)*	110,733

*) The reduction in absolute is compared to 2022



In line with SRV 2030, APP is committed to reducing carbon intensity by 30% by the year 2030 [E.1.7.0.6]. To achieve this, we continue to implement measures to enhance the effectiveness of operational equipment (OEE), apply equipment maintenance programs, improve energy efficiency, adopt new technologies, and increase the use of biofuel and biomass.

OZONE-DEPLETING SUBSTANCE EMISSIONS (ODS)

ODS Substance	2021	2022	2023
Production	0	0	0
Import (ton)	33.08	32.15	34.17
Export	0	0	0
Total (tCO ₂ eq)	58,627	56,680	62,022

*Note:

- In metric tons of trichlorofluoromethane (CFC-11) equivalent.
- Emission source factors and global warming potential (GWP) levels for 2023 & 2022 based on the IPCC AR6 Assessment Report while 2021 based on the IPCC AR5 Assessment Report.

NITROGEN OXIDES (NO_x), SULPHUR OXIDES (SO_x), AND OTHER SIGNIFICANT AIR EMISSIONS

Non-GHG Emission Substance (mg/Nm ³)	2021	2022	2023
NO ₂	138.11	114.17	153.11
SO ₂	77.81	121.97	132.03
ClO ₂	7.56	1.10	2.39
HCl	1.26	0.61	0.56
Cl ₂	1.17	0.66	0.34
TRS	3.60	1.91	1.56
Total particulate	34.75	40.00	63.91
Opacity	9.65	11.78	10.28

Non-GHG Emission Substance (x10 ³ kg)	2021	2022	2023
NO ₂	29,504	26,365	25,457
SO ₂	15,522	19,111	26,202

[GRI 305-6] [GRI 305-7] [RR-PP-120a.1]

APP commits to consistently meeting the emission threshold requirements for non-GHG gases set by the government, according to Decree No. 13 of 1995 and the Ministry of Environment and Forestry Regulation No. 15 of 2019. One of the initiatives to reduce non-GHG emissions includes substituting fuel with biomass, such as bark. [E.1.3.3.1]

Here are some measures taken to control air pollution:

- Installing Continuous Emission Monitoring Systems (CEMS) on several major air emission sources.
- Conducting periodic manual monitoring of air emissions from other sources by an accredited laboratory.
- Regularly measuring ambient air quality, odour, and environmental noise.
- Reporting the results of environmental management activities to the relevant government agencies every six months. Environmental monitoring results indicate compliance with the safe quality standards required by government regulations.
- Substituting coal with biomass fuel to reduce Sulphur Dioxide (SO₂) emissions.
- Controlling particulate matter by installing Electrostatic Precipitators (ESP) and condensers on all boiler operation units to reduce particulate emissions and opacity.
- Controlling emissions from fiber line units by installing scrubbers to manage Cl₂ and ClO₂ emissions.
- Installing scrubber units in recovery boiler units to control Total Reduced Sulphur (TRS) emissions.



A JOURNEY TOWARD NET ZERO

APP has an important role in the Net Zero Hub, a program by KADIN (Indonesian Chamber of Commerce and Industry).

This initiative aims to encourage and support Indonesian businesses in achieving net zero emissions. The Net Zero Hub seeks to align with the goals of the Science Based Targets initiative (SBTi), a global partnership that promotes climate action in the private sector:

- APP is committed to achieving targets assessed and approved by SBTi based on rigorous criteria. We will submit our commitment targets in 2024. **[E1.7.0.5]**
- APP is preparing carbon-neutral photocopy paper products from its subsidiary Tjiwi Kimia for the global market.

WATER MANAGEMENT

INTERACTION WITH WATER AS A SHARED RESOURCE

APP recognizes water as a vital and strategic resource for both communities and its business operations. To ensure the sustainability of water resources and minimize environmental impact, APP implements various responsible water management approaches and practices. Water is used for steam generation, heating, cooling, and cleaning in APP's operations. Here are some of the initiatives undertaken by APP to value and use water efficiently:

1. Measurement and Calibration

APP utilizes a water measurement tool called a flow meter, which is installed on the water pump at the intake point. By continuously measuring water flow, the company can monitor and manage water consumption more effectively. Additionally, APP periodically calibrates the flow meter to ensure its accuracy, thereby ensuring that the data obtained forms a solid foundation for ongoing decision-making. [E.1.3.4.5]

2. Determine the Right Location

APP is committed to not sourcing water from areas experiencing water stress or shortages. By understanding the ecological and social impacts of water extraction at each location, APP strives to operate responsibly without further burdening regions already facing water availability issues. Due to our commitment to avoid sourcing water from water-stressed areas, we do not appoint specific managers to oversee this, nor conduct water scarcity assessments or report on water shortage risks. [E.1.2.7.1.1] [E.1.2.7.1.2] [E.1.2.7.1.3] [E.1.2.7.1.4] [RR-PP-140a.1]

3. Water Reuse

To optimize water usage, APP implements water recycling practices wherever possible. Water used in operational processes, such as heating and cooling, is reclaimed for reuse within the production cycle. This approach helps reduce the demand for raw water sources and mitigates the ecological impact of fresh water intake. [E.1.3.4.1] [E.1.3.4.3]

4. Responsible Effluent Management

APP ensures that its effluent management complies with applicable regulations. Through effective and responsible effluent treatment methods, APP strives to minimize the negative impact of effluent on the surrounding environment. This includes monitoring effluent quality and implementing the latest technologies to ensure discharged water meets established standards. All water intake, usage, and discharge processes adhere to governmental regulations and are reported to the authorities. [E.1.3.4.6]

By implementing these approaches, APP demonstrates its commitment to acting sustainably and contributing to the wise management of water resources. This not only reflects environmental responsibility but also plays a role in ensuring adequate water availability for communities and ecosystems around the company's operations.

WATER DISCHARGE IMPACT MANAGEMENT

APP has set goals to reduce water intensity and Chemical Oxygen Demand (COD) emissions by 2030. This initiative is part of APP's commitment to advancing sustainability and making a positive environmental contribution.

1. Water Intensity Reduction [E.1.3.4.1] [E.1.3.4.4]

APP aims to achieve a 30% reduction in water intensity by 2030. Currently, water intensity stands at 27.3 m³ per ton of product equivalent, marking a 17% decrease from the 2018 baseline of 33 m³ per ton of product equivalent. By prioritizing water use efficiency in its operations, APP aims to achieve significant improvements in water resource availability and sustainability.

2. COD Emission Reduction

APP has also set a target to reduce Chemical Oxygen Demand (COD) emissions by 30% below government standards. COD is a parameter measuring the number of organic substances in water that require oxygen for chemical degradation. APP has developed monitoring tools for COD values that help track COD levels in real-time. As of 2023, the recorded highest value was 267.7 mg/ltr, which is 24% below the government's set limit of 350 mg/ltr.

3. Wastewater Treatment [E.1.2.6.3.1] [E.1.2.6.3.3]

Wastewater management within APP is conducted through a Wastewater Treatment (WWT) unit, involving stages such as primary treatment, secondary treatment, post-treatment, and sludge treatment.

- **Primary treatment.** This process involves physical treatment of water by adding PAC (Polyaluminum Chloride) and polymer chemicals in the flocculation and coagulation unit. The wastewater is then settled in a primary clarifier process aimed at removing Total Suspended Solids (TSS) from the wastewater, which refers to the number of solid particles suspended in wastewater.
- **Secondary treatment.** After undergoing sedimentation, wastewater is treated to remove COD and BOD values using microorganisms or bacteria. Bacteria decompose the organic content, expressed as COD and BOD values, within a specific retention time. Subsequently, the secondary clarifier process separates wastewater from bacteria. Biological Oxygen Demand (BOD) is a crucial parameter in wastewater analysis, indicating the amount of dissolved oxygen required by microorganisms to decompose organic materials biologically in aerobic conditions over a 5-day period at 20°C.
- **Post-Treatment.** The treated wastewater is then ready for disposal, meeting the government's central and local regulations with values below the wastewater quality standards.
- **Sludge Treatment.** The sludge produced during the wastewater treatment process undergoes dewatering to reduce the water content in the wastewater sludge.

By setting these targets, APP demonstrates its commitment to manage liquid waste and reduce negative impacts on water quality more effectively. The responsibility for water management lies with the President Director, who sets inclinations, budgets, as well as risks and opportunities related to water. Additionally, APP's Chief Sustainability Officer (CSO) who analyses various water-related scenarios, establishes policies and strategies concerning water within the overall business strategy, and monitors progress towards water-related targets. [E.1.3.4.2].

Zero water-related incidents occurred during the reporting year that resulted in significant fines or penalties. [E.1.2.6.3.5]

INITIATIVES RELATED TO WATER IN APP MILLS

Tjiwi Kimia [E.1.2.6.3.2]	<ul style="list-style-type: none"> Water consumption for production has decreased as a result of pump and motor automation connected to the units. Implementing water reuse in production. Installing sludge waste treatment in Wastewater Treatment Technology (WTT), a technology used to treat wastewater to make it safe and environmentally friendly before disposal into the environment. Utilizing tapioca residue for WTT. 	OKI [E.1.2.6.3.2]	<ul style="list-style-type: none"> A 15% reduction in water consumption from year 2022. Reusing saturated cooling water for wood washing. Reusing blowdown water from the cooling tower for the pulp washing process. Increasing the ratio of reused white water from the Pulp Dryer Machine for the bleaching process. Reusing condensate from the Vacuum Evaporator for the pulp production process.
Perawang [E.1.2.6.3.2]	<ul style="list-style-type: none"> A 9% decrease in water usage for production and non-production compared to 2022. Reusing water used in pulp production. Improving Cooling Tower performance to reduce drift loss. Maximizing the reuse of condensate. 	APP Purinusa Ekapersada [E.1.2.6.3.2]	<ul style="list-style-type: none"> The decrease in water consumption by 2% compared to 2021.
Karawang [E.1.2.6.3.2]	<ul style="list-style-type: none"> A decrease in water consumption by 6.2% from year 2022. Recycling purified water back into super purified water. 	Overall [E.1.2.6.3.2]	<ul style="list-style-type: none"> Overall, APP has reduced water usage intensity by 17% from the 2018 baseline of 33.0 ML/ton.
Indah Kiat [E.1.2.6.3.2]	<ul style="list-style-type: none"> The water ratio usage in 2023 was 27.3 m³/ton, a decrease of 8% from the 2018 baseline. Recycling treated wastewater into the production area. Diluting chemicals with treated effluent.. 		

WATER INTAKE

Description (Mega-litre)	2021	2022	2023
Surface water	345,906	325,542	322,674
Groundwater	78	76	77
Water originating from a thirdparty	41	39	47
Total water intake	346,026	325,658	322,798

*) Water taken is freshwater. (TDS ≤1,000 mg/ltr)
APP does not extract water from water-stressed areas.
Water calculations including extraction, consumption, and discharge are measured using flow meters

WATER DISPOSAL

Description (Mega-litre)	2021	2022	2023
Surface water	226,457	231,396	224,262

*) The water taken is freshwater (TDS ≤1,000 mg/ltr), therefore the discharged water is also freshwater.
APP does not extract water from areas experiencing water stress. There is no third-party water sent to other organizations for use.

Regarding the water management from operational activities, APP has the following goals and targets:

- Ensuring that discharged water into water bodies meets the required quality standards and regulatory requirements. [E.1.2.6.3.4]
- Continuously perform the installation of integrated SPARING equipment systems within the Ministry of Environment and Forestry.

WATER CONSUMPTION

Description (Mega-litre)	2021	2022	2023
Surface water	274,634	274,456	265,829
Groundwater	78	76	78
Water originating from a thirdparty	41	39	39
Total water consumption	274,753	274,571	265,945

Note: APP does not extract or consume water from water-stressed areas

Description	2018 (baseline)	2021	2022	2023
Water intake (Mega Liter)	333,013	346,026	325,658	322,798
Water disposal (Mega Liter)	225,304	226,457	231,396	224,262
Water reuse & recycle (%)	15	14	14	17
Water Reduction (%)	0	10	17	17
Water Intensity (m³/t) [E.1.2.7] [E.1.2.7.2]	33.0	29.7	27.3	27.3

WASTE MANAGEMENT

APP has implemented a robust policy on waste management, reflecting the company's commitment to operate responsibly and sustainably.

This policy is designed to reduce environmental impact, minimize waste, and promote responsible waste management practices.

IMPACT OF WASTE

Several types of waste are generated in the production processes of APP, primarily solid and liquid waste. Solid waste includes pulpwood fibers that cannot be utilized, paper waste consisting of remnants from the production process, sludge generated from wastewater treatment processes, fly ash from fuel combustion in boilers, and hazardous waste such as batteries and chemicals. Meanwhile, liquid waste comprises wastewater from production processes and domestic waste.

EFFECTIVE MANAGEMENT OF SIGNIFICANT IMPACTS RELATED TO WASTE

APP is strongly committed to supporting circular resources through various waste management efforts, such as:

1. Waste Reduction [E.1.3.2.1]

- APP prioritizes waste reduction strategies at the source. This includes innovations in production processes to avoid unnecessary waste generation and the development of products that are more efficient in terms of raw material use.
- The company is committed to continuously improving production efficiency through the latest technologies and environmentally friendly methods.

2. 3R Principles (Reduce, Reuse, Recycle) [E.1.3.2.2]

- APP actively implements the 3Rs principle in waste management. This includes efforts to reduce the amount of waste generated, design processes to reuse materials, and promote recycling as a primary solution.

3. Zero Waste to Landfill by 2030

- APP has set an ambitious goal of achieving "Zero Waste to Landfill" by 2030. This demonstrates the company's commitment to eliminating waste sent to landfills and promoting a circular economy.

4. Daily and Scheduled Waste Management Records

- To monitor and evaluate waste management performance, APP meticulously records daily waste data. This information is used not only for internal company purposes but also submitted to government authorities for transparency and external monitoring.
- Continuous monitoring and evaluation of wastewater quality are conducted through the Continuous and Online Wastewater Quality Monitoring System (SPARING).
- Manual testing of wastewater quality is carried out by accredited laboratories to ensure accurate test results.

5. Partner and Supplier Compliance:

- APP requires its business partners and suppliers to share a commitment to responsible waste management. The company actively ensures that its business partners comply with the established waste management standards to maintain the integrity of the supply chain.

6. Environment Innovation:

- APP invests in innovation and research to develop more environmentally friendly solutions, including the use of cutting-edge technology to minimize the waste impact from the company's operations.

The various waste-related initiatives within APP:

Perawang	<ul style="list-style-type: none"> Collaborated with the local government and Bogor Agricultural University (IPB) for innovative waste management. 	IKS	<ul style="list-style-type: none"> 100% of wastewater treatment plant sludge is used as raw material for lowgrade brown paper.
	<ul style="list-style-type: none"> Utilized wastewater sludge and bark waste as substitutes for raw materials in organic soil amendments (PTO) on mineral soil. 	IKT	<ul style="list-style-type: none"> Develop the Clean Development Mechanism Project.
	<ul style="list-style-type: none"> Leveraged bio ash, pulp, and dreg and grits waste containing calcium, magnesium, and micronutrients to be used as inorganic soil amendments (PTA) on peat soil. 		<ul style="list-style-type: none"> Send sludge waste to the Serang mill, reducing waste by approximately 1.1 million tons per year.
Karawang	<ul style="list-style-type: none"> Used sludge waste as a substitute for raw materials in the production of deinking paper, liner paper, and medium, which has received utilization permits from the relevant government agencies. 	OKI	<ul style="list-style-type: none"> Possess an Operational Feasibility Certificate (SLO) for the utilization of wastewater treatment sludge as an alternative fuel substitute.
	<ul style="list-style-type: none"> All (100%) of the wastewater treatment sludge is used as raw material for low-grade brown paper. The utilization of sulfuric acid waste from the dichlorination process is employed as a raw material to neutralize the pH in the Wastewater Treatment Plant (WWTP). This utilization of sulfuric acid waste allows the plant to save on the costs of purchasing chemicals for the WWTP. 		<ul style="list-style-type: none"> Collaborating with IPB to conduct a study on utilizing dregs and grits waste to produce Inorganic Soil Conditioner (ISC) as an alternative to dolomite fertilizers.
Lontar Papyrus	<ul style="list-style-type: none"> Partnering with Sriwijaya University for waste management. 		
	<ul style="list-style-type: none"> In accordance with Government Regulation No. 22 of 2021, B3 waste FABAs (Fly Ash Bottom Ash) can now be categorized as registered non-B3 waste, utilized as a substitute raw material for road soil stabilization. Sewage sludge, bark waste, and bio ash are used as substitute raw materials for organic soil enhancers on mineral soil. Coal ash, a by-product of coal combustion in Steam Power Plant (PLTU) facilities, is included in the registered non-B3 waste category and is used as a substitute raw material for road soil stabilization and log yards. 		

Tjiwi Kimia

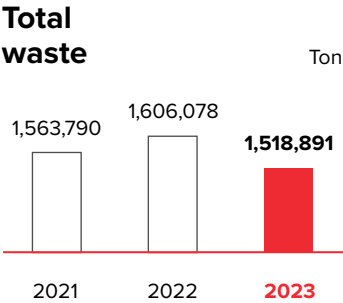
- 100% of the sludge from the wastewater treatment plant (IPAL) is utilized as raw material for low-grade brown paper and is also used as a substitute energy source for boiler fuel.
- Plastic waste generated from impurities in recycled paper material will be utilized by the Company. Therefore, the Company is constructing a Waste Boiler facility to convert plastic waste into RDF (Refuse Derived Fuel) as an alternative fuel source in steam production, aiming to reduce carbon emissions by reducing coal consumption.
- The Company is currently constructing two secondary clarifiers and anaerobic processing facilities with the goal of reducing pollutant levels and producing biogas that can be used as an alternative fuel.
- 100% of non-hazardous bottom ash waste from coal combustion in power generation processes is utilized by the company for manufacturing multiblock and soil compaction, with approval from relevant government agencies.
- Non-hazardous waste from company activities is recycled into products with economic value, such as transforming pallet wood scraps into new pallets, and crafting strapping bands from dismantled packaging materials for community empowerment activities.



WASTE COLLECTION

Waste Composition	2021	2022*	2023
Hazardous waste (ton)	1,220,600	1,243,166	832,149
Non-hazardous waste (ton)	343,190	362,912	686,742

*) There is restatement for non-hazardous waste in 2022



87,187 TONS
Total waste reduced

Through various waste management initiatives, APP has successfully reduced the amount of waste sent to landfills by 60%, or 209,533 tons, compared to a baseline of 518,696 tons in 2018.

Input	Output (in mio ton)	Type of waste	Activities
Coal: 6.3 million ton	0.35	Ash	Energy plant for pulp and paper production
Raw material for paper fiber: 6.5 million tons	0.51	Sludge	Pulp and paper production
Fiber raw material for pulp: 24.3 million tons	0.14	Dreg and grits	Pulp production process

WASTE DIVERTED FROM FINAL DISPOSAL

Category	2022	2023
Hazardous waste (ton)	609,482	550,836
Non-hazardous waste (ton)	75,148	201,445

Waste Diverted from final disposal (ton)

Category	2022	2023
Onsite (ton)	684,630	752,281
Offsite (ton)	408,416	553,995

Several types of waste are diverted from final disposal by being reused as raw materials. For example:

- Hazardous waste sludge is used as a raw material for making chipboard, which is a board made from wood chips or sawdust mixed with adhesive and pressed into solid sheets.
- Hazardous waste sludge is also used as boiler fuel and for producing low-grade paper.
- Non-hazardous fly ash and bottom ash are used for making paving stones and concrete blocks.

WASTE DELIVERED TO THE
FINAL DISPOSAL SITE (TON)

Category	2022	2023
Hazardous waste (ton)	515,914	209,533
Non-hazardous waste (ton)	6,210	3,537

*) The waste sent to the final disposal site for hazardous waste goes to the internal landfill, while nonhazardous waste is taken to a landfill by a third party.

THE INTENSITY OF
WASTE DISPOSAL (T/T)

Category	2021	2022	2023
Waste disposal intensity (ton waste/ton production)	0.04	0.04	0.02

WASTE DIVERTED FROM LANDFILLS BASED ON
RECOVERY OPERATIONS, IN METRIC TONS (WASTE
TYPE WITH RECOVERY ACTIVITIES)

Category	In place	Outside	Total
Hazardous and toxic waste			
Recycle, reuse, recovery (ton)	546,885	68,662	615,547
Incinerator (without energy recovery) (ton)	0	786	786
Temporary storage (to be recycled) (ton)	3,950	0	3,950
Total	550,836	69,448	620,283
Non-hazardous and non-toxic waste			
Recycle, reuse, recovery (ton)	138,367	480,240	618,608
Incinerator (without energy recovery) (ton)	0	0	0
Temporary storage (to be recycled) (ton)	63,078	0	63,078
Total	201,445	480,240	681,686
Waste prevention (ton)			1,301,969

0.02

Waste intensity
delivered to the final
disposal site

60 %

Reduced the amount of waste
sent to landfills compared to
baseline year 2018

ENVIRONMENTAL COMPLAINTS

APP acknowledges that its operations have significant impacts on society. Therefore, as a form of social responsibility and environmental concern, APP has established avenues for the community to provide feedback and complaints regarding potential environmental impacts arising from company activities.

Through an open and inclusive communication platform, APP provides a space for the community to actively participate in environmental monitoring processes and contribute constructively to continuous improvement. This mechanism enables the community to voice concerns, provide suggestions, or report specific environmental issues that may affect their well-being. Zero environmental complaints were received through the whistle-blower channel in 2023.

Due to the careful measures taken by APP, there were zero spills reported during the reporting year. [OJK F.15] In addition, the company consistently adheres to and complies with environmental regulations, ensuring there are zero fines or legal claims related to violations of regulations.

[GRI 2-27] [E.1.2.3]



RESPONSIBLE BUSINESS

APP is committed to conducting business responsibly, considering economic, social, and environmental aspects while emphasizing technology and innovation to achieve sustainability goals. The vision, objectives, and sustainability targets have been established through the SRV 2030 (Sustainability Roadmap Vision 2030), which has been approved by APP Board [E.1.1.9]. The responsibility for implementation has been delegated to each Board member and relevant functions to ensure meticulous execution across APP's operation. [E.1.2.6] [E.1.1.1]

- **Sustainable Products:** APP develops sustainable products that contribute to the circular bio-economy. For example, APP manufactures paper and tissue from recycled materials and environmentally friendly fiber sources.
- **Carbon Footprint Reduction:** APP employs various technologies to reduce its carbon footprint, such as using renewable energy and improving energy efficiency. Our pulp and paper mills have generated 58% of their energy from renewable sources and utilize biofuels and biomass to reduce reliance on fossil fuels.
- **Conservation of Natural Resources:** APP continuously strives to conserve natural resources by implementing more efficient technologies and developing products that use fewer raw materials. We recycle and reuse 10% of our water to reduce water intake and have achieved a 46% solid waste utilization rate.
- **Environmental Impact Mitigation:** APP utilizes technology and innovation to mitigate environmental

impacts, such as pollution prevention and control, as well as sustainable forest management. We have also made significant investments in environmental management, including USD 49.2 million for waste and emission management, and USD 1.2 million for other environmental management initiatives. [OJK F.4]

- **International Certifications:** APP holds globally recognized international certifications such as ISO 14001 (Environmental Management System), ISO 50001 (Energy Management System), and Programme for the Endorsement of Forest Certification™ (PEFC™), among others. For a full list of certifications, please visit our page 73, 106, 107. [E.1.1.3] [E.2.1.1.7] More than 75% of APP's activities have received external certification. [E.1.3]
- **Compliance with Legislation:** APP adheres to all legal regulations in the fields of economy, environment, and social matters that are applicable in Indonesia. [E.1.2.3]

Through the principles above, APP practices an approach that prioritizes prevention principles to minimize the environmental impact of APP and ensure the implementation of socially responsible aspects. [GRI 2-23]

Specifically, APP implements an Environmental Management System (EMS) based on ISO 14001, alongside various other national and international standards and best practices. The implementation of this EMS is a shared responsibility among company management, employees, and relevant stakeholders. [E.1.2.1] In the implementation of Sustainable Management of Landscape (SML), APP has

conducted an identification of its products and business activities that impact the environment, such as: [E.1.2.2]

- Emissions of greenhouse gases from combustion processes.
- Non-greenhouse gas emissions from production processes.
- Effluents or liquid waste from paper production.
- Generation of hazardous and non-hazardous solid waste from paper production processes.
- Water intake for production processes.

Included in this SML are the organization of trainings to support management and employee awareness in environmental matters. Some of the environmental training sessions held in 2023 include: [E.1.2.7] [E.1.1.2]

- ISO 14001 and ISO 9001 training
- PEFC chain of custody training
- Hazardous and non-hazardous waste handling training
- SML audit training

Additionally, there are various certification training programs available for workers performing specialized tasks.

III. SOCIAL

APP employees are the main pillars that play an active role in materializing the company's vision and mission. They are an integral part of APP's success in running a sustainable business that produces high-quality products. To ensure the well-being and comfort of employees in their work, APP has developed a human resource (HR) policy that focuses on supporting a good work-life balance for all employees. This policy is designed to create a positive work culture so that employees reach their full professional potential.

The human resources management policies and systems at APP are guided by principles of human rights policies, occupational health principles, and best practices both nationally and internationally recognized, such as listed below.

[GRI 2-23] [S.4.2.1.1]

- ✓ International Bill of Human Rights
- ✓ ILO Declaration on Fundamental Principles and Rights at Work,
- ✓ United Nations Guiding Principles on Business and Human Rights

In addition, APP also adheres to applicable legal regulations, such as:

1. Law Number 1 of 1970 concerning Occupational Safety and Health;
2. Law Number 13 of 2003 concerning Manpower;
3. Law Number 11 of 2020 concerning Job Creation;
4. Republic of Indonesia Law Number 24 of 2011 concerning Social Security Organizing Bodies; and
5. Minister of Manpower Regulation Number 17 of 2021 concerning Procedures for Adjusting Minimum Wage.



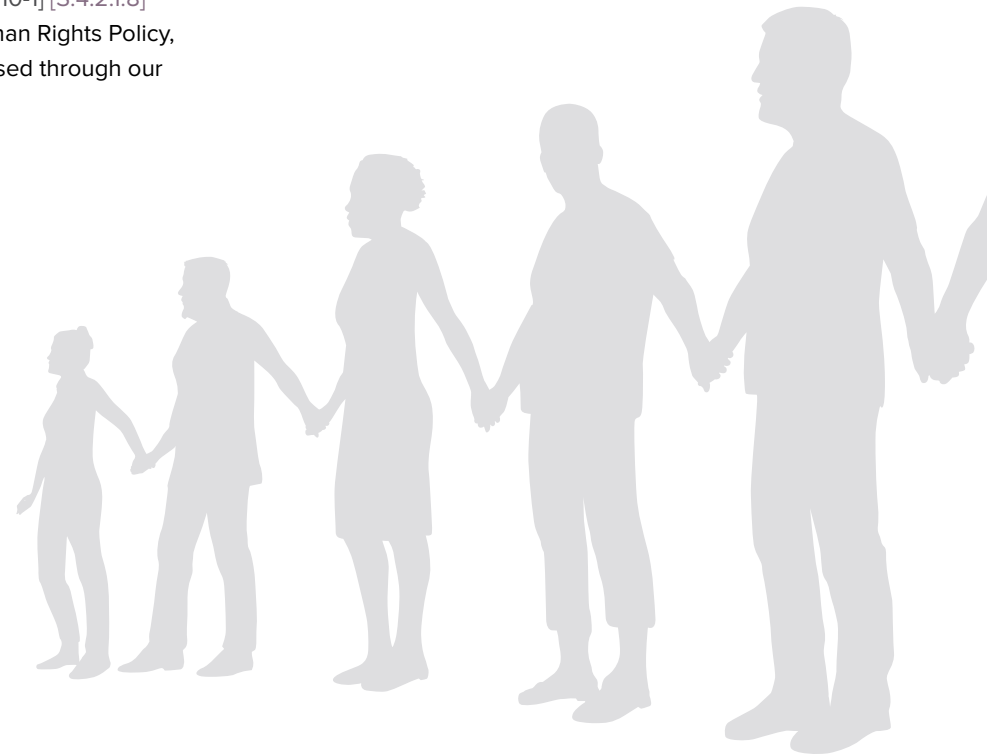
HUMAN RIGHTS

APP prioritizes human rights in its human resources management and all operational aspects. To ensure compliance with high human rights standards, we employ a mechanism known as Human Rights Due Diligence (HRDD). Our HRDD implementation is conducted in collaboration with the Foundation for International Human Rights Reporting Standards (FIHRRST), ensuring consistency and reliability throughout the process.

In our efforts to enhance understanding and awareness of human rights, APP has adopted the UN Guiding Principles on Business and Human Rights (UNGP) standards at two APP mills, Indah Kiat Perawang and Indah Kiat Tangerang, as well as at one supplier, Arara Abadi, in 2022. In the reporting year, APP continued HRDD implementation at the OKI factory and Bumi Andalas Permai supplier. We plan to continue HRDD implementation across all our mills annually. During routine HRDD assessments, if any gaps or human rights-related risks are identified, APP promptly takes necessary mitigation steps across its operations. We consider this an unwavering commitment to ensuring every aspect of our business is conducted responsibly with respect for human rights.

Furthermore, in 2023, APP conducted a human rights training session covering topics such as diversity, inclusion, equal opportunity, and the responsibility to respect human rights across all APP's operation.

APP also provides human rights training to security personnel to ensure these values are reflected throughout our organization. We rely on security officers as the frontline in maintaining operational smoothness and corporate asset security. The company ensures responsible security practices by providing human rights-related training so that security officers can perform their duties professionally. Training for security personnel includes various topics related to ethics, company human rights policies, and general knowledge of the rights of local indigenous communities at the company's operational sites. As of the reporting year, 46% of security personnel working at APP have received human rights training. [GRI 410-1] [S.4.2.1.8] Further detailed information about our Human Rights Policy, and Health and Safety Policy can be accessed through our website. [GRI 2-23]



EMPLOYEE WELFARE

LABOR RIGHT ASPECTS

COLLECTING BARGAINING AGREEMENT

Freedom of association for workers is a fundamental right recognized globally and guaranteed by legislation in Indonesia. We respect workers' rights to associate and gather by forming the employee union of APP. The union serves as a bridge between employees and the company, enabling workers to voice their opinions and participate in decision-making processes concerning their rights. [S.1.1]

The company management and employees maintain a harmonious industrial relationship through a Collective Labor Agreement (CLA) jointly formulated by both parties. The CLA includes terms of employment as well as rights and responsibilities of both the company and employees. In the reporting year, there are 12 labour unions in our factory and 10 labour unions in the forestry unit. A total of 69% of APP employees are union members, and 99% of all company employees are covered to safeguard their interests under the CLA. [GRI 2-30] [S.1.4] [S.2.1.4]

In addition to encompassing various essential aspects that serve as guidelines for employees and companies in managing employment relationships, CLA also regulates significant operational change notifications such as organizational restructuring or company acquisition plans. If these changes directly impact employees, the company will provide notification to the workers at least seven days prior to the implementation of such changes. [GRI 402-1]

EMPLOYEE PROTECTION GUARANTEE

APP adheres to government regulations by providing a retirement program aimed at safeguarding and supporting long-term employee welfare. The company offers several pension fund programs to all employees:

1. Retirement Guarantee Program by BPJS. Employees contribute 1% of their basic salary, while the company covers 2%.
2. Old-Age Guarantee Program by BPJS Employment. Employees contribute 2% of their basic salary, and the company covers 3.7%.
3. Health Guarantee Program by BPJS. Employees contribute 1% of their basic salary, and the company covers 4%.

In addition to financial support, APP equips employees with the knowledge and skills necessary for independent living after retirement. Training includes familiarization with farming techniques, entrepreneurship, livestock raising, handicrafts, and household industries. We also provide financial planning training programs to help employees manage their retirement funds and income. APP involves retired employees in developing training curricula for APP Academy through the Pool of Expert program. This initiative facilitates the transfer of knowledge and skills to the next generation of employees, ensuring the continuity of valuable knowledge within the company.

99%

of APP employees are covered to safeguard their interests under the CLA

PARENTAL LEAVE

The company understands that thorough preparation before and after childbirth can have a positive impact on the smoothness of the delivery process, the mother's recovery, and family happiness. Therefore, we are committed to supporting female employees in welcoming the birth of their children by providing maternity leave as regulated by labour laws and Collective Labor Agreements (CLA). APP provides maternity leave for female employees: 1.5 months before childbirth and 1.5 months after childbirth, without reducing their salary, rights, or position in the workplace. We also recognize the importance of fathers in accompanying the childbirth process, hence male employees are entitled to three days of leave to support their wives during childbirth. In 2023, a total of 154 female employees took maternity leave, and 1,669 male employees took leave to support their wives during childbirth. Out of these 1,823 employees, 1,549 (85%) returned to their original positions after their maternity or paternity leave. Additionally, 1,387 (76%) of those who took leave in the previous year were still employed in 2023.

154

Female employees have taken maternity leave throughout 2023

RATIO OF ENTRY-LEVEL WAGE BY GENDER TO LOCAL MINIMUM WAGE

APP offers a competitive remuneration system to attract top talent and maintain employee loyalty. Employee compensation is objectively calculated based on performance, job level, tenure, and employment status. The company values its employees' contributions equally by not distinguishing between male and female entry-level employees at the same job level and position in terms of basic salary. Additionally, we ensure employee well-being by providing compensation equal to or greater than the Regional Minimum Wage (UMR) stipulated by the relevant local government in each working area. In the reporting year, the lowest remuneration received by employees amounted to at least the Provincial Minimum Wage (UMR). Our commitment to gender equality includes maintaining a 1:1 wage ratio at the entry level, ensuring fair and equal compensation from the beginning of employees' journey with us.

BENEFITS

In addition to receiving a basic salary, employees of APP also receive other benefits in the form of allowances as incentives to enhance work productivity. APP acknowledges employee performance by providing various components of remuneration tailored to their employment status. The types of benefits received based on employee status are presented in the following table:

Types of Allowances Received Based on Employment Status

Types of Benefits	Permanent Employee	Contract Employee
Life Insurance	✓	✓
Health Insurance	✓	✓
Parental Leave	✓	✓
Special Recognition Program for Employee Achievements	✓	✓
Pension Fund	✓	✓
Company paid vacation	✓	✓
Annual Leave	✓	✓
Sabbatical Leave (Religious leave eg. Hajj leave)	✓	✓
Unpaid Leave	✓	✓

EQUALITY AND DIVERSITY

CREATING A DIVERSE AND INCLUSIVE WORKPLACE

The human diversity within APP is an asset that can be leveraged to enhance the company's competitiveness. Employees from diverse backgrounds bring different perspectives and experiences, which can aid the company in developing creative solutions to address various challenges. The company treats all employees equally by providing them with equal opportunities for development based on performance and competence. The principle of tolerance, tightly held by APP, is represented through the diverse demographics of its employees in terms of gender, age, and educational level.

The Business Code of Conduct (BCoC), Supplier Code of Conduct (SCoC), and Human Rights Policy reflect APP's commitment to these values.

In 2023, out of 2,982 candidates in our recruitment screening process, 294 (10%) were women. In our mills and forestry units, 15 female employees hold senior management positions. Additionally, at APP Indonesia Headquarters, 67 out of 244 (27.46%) senior management positions are held by women. The disparity in gender representation in senior management positions in remote areas is due to the majority preference for male candidates. However, the company continuously strives to enhance the role and participation of women in senior management and other strategic positions. We are committed to ensuring a recruitment and talent selection process that is free from bias and inclusive for women. Furthermore, we have developed a high-level Diversity, Equity, and Inclusion (DEI) Roadmap and are in the process of forming a DEI Committee Structure to achieve our SRV 2030 goals, aiming to increase gender diversity and inclusivity in leadership roles by 30%.

Below is a table depicting the composition of APP employees, illustrating the company's diversity in terms of gender, age, and educational level.

Composition of Employees Based on Gender and Job Level in 2023

[GRI 405-1] [S.1.5.2.7] [S.1.3.5]

Position	2021			2022			2023		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Management	1,888	350	2,238	1,960	370	2,330	2,091	348	2,439
Non-Management	26,140	2,226	28,366	26,256	2,235	28,491	28,219	2,386	30,605
Total	28,028	2,576	30,604	28,216	2,605	30,821	30,310	2,734	33,044

Composition of Employees Based on Age Groups and Job Levels in 2023

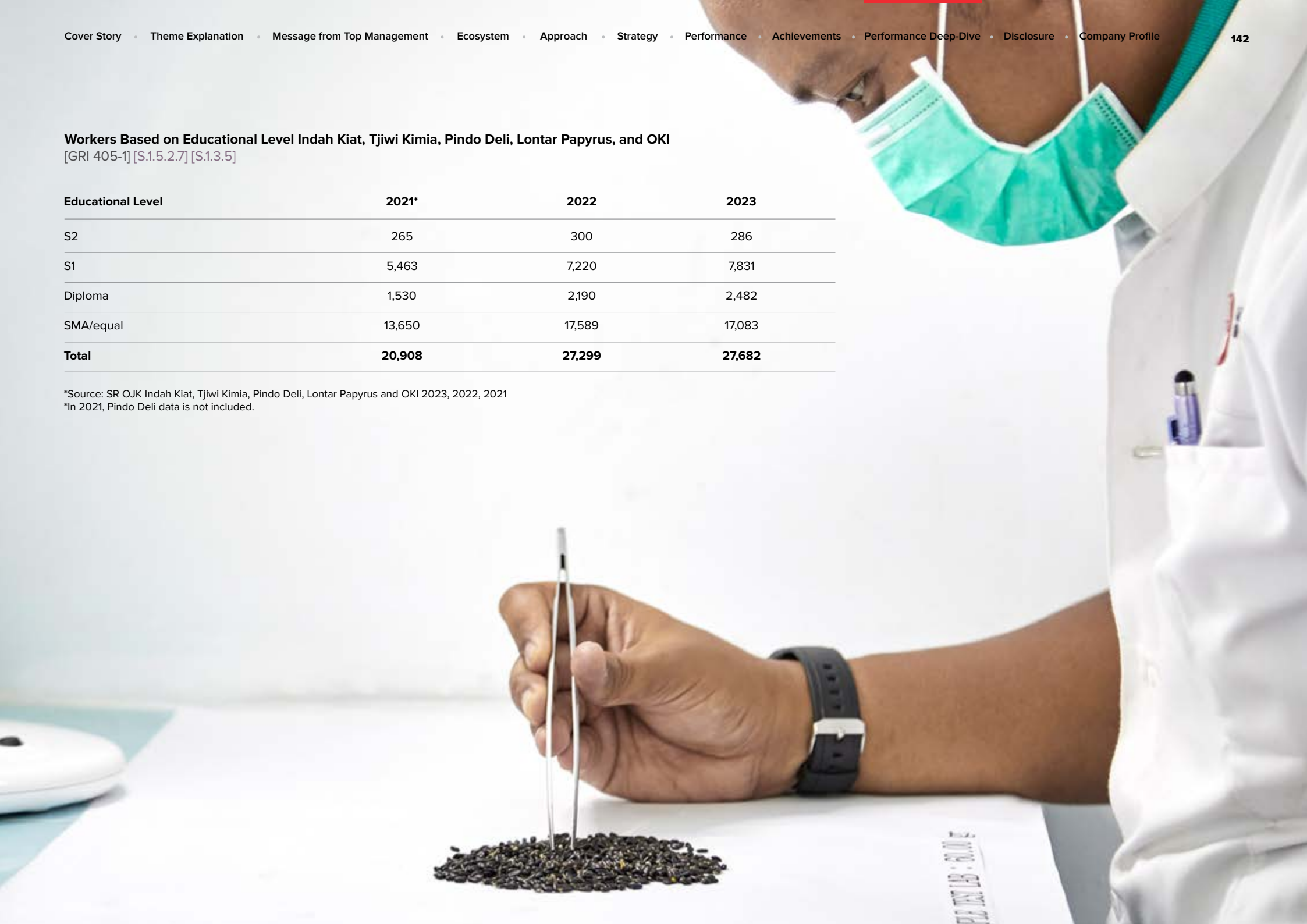
[GRI 405-1] [S.1.5.2.7] [S.1.3.5]

Position	2021			2022			2023		
	21-30	30-50	>50	21-30	30-50	>50	21-30	30-50	>50
Management	32	1,467	925	23	1,499	988	25	1,396	1,018
Non-Management	7,806	18,861	3,265	7,913	18,597	3,662	8,655	17,508	4,442
Total	7,838	20,328	4,190	7,936	20,096	4,650	8,680	18,904	5,460

Workers Based on Educational Level Indah Kiat, Tjiwi Kimia, Pindo Deli, Lontar Papyrus, and OKI
[GRI 405-1] [S.1.5.2.7] [S.1.3.5]

Educational Level	2021*	2022	2023
S2	265	300	286
S1	5,463	7,220	7,831
Diploma	1,530	2,190	2,482
SMA/equal	13,650	17,589	17,083
Total	20,908	27,299	27,682

*Source: SR OJK Indah Kiat, Tjiwi Kimia, Pindo Deli, Lontar Papyrus and OKI 2023, 2022, 2021
*In 2021, Pindo Deli data is not included.



FEMALE EMPLOYEE DEVELOPMENT

APP is committed to providing strong support for women in advancing their careers within the company. We foster a conducive work environment and consistently prioritize gender equality across all our operational aspects.

Within our management structure, women are provided opportunities to hold senior positions and play significant roles in decision-making. We believe that diversity within our management team is key to achieving sustainable success.

However, we acknowledge that jobs in operational roles within mills and forests may be less attractive to women. We also face challenges in recruiting female leaders to fill senior management positions in remote areas within our mill and forestry units. [OJK E.5]

To address this issue, APP is reviewing its talent selection process to ensure that women are consistently included in the assessment of potential talent. We have also developed a high-level Diversity, Equity, and Inclusion (DEI) Roadmap and proposed the formation of a DEI Committee Structure. We are committed to creating inclusive opportunities and embracing diversity across all areas of the company, including operations, with the hope that more women will be encouraged to pursue careers in this field in the future. [S.1.5.2.7] [S.1.3.5]

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

Aligned with Sustainable Development Goal (SDG) 5, which aims to achieve gender equality, APP is committed to ending discrimination and taking steps to promote gender equality in the workplace. This commitment is reflected in equal base salary and compensation ratios between female and male employees (ratio 1:1). APP implements an objective meritocracy system in compensation. This system ensures that employees are rewarded based on their contributions, motivating them to continuously improve their performance.

ANTI-DISCRIMINATION

APP strives to create a healthy and inclusive social climate by emphasizing the principle of tolerance towards differences. The company firmly rejects all forms of discrimination and demeaning behaviour based on race, religion, gender, political opinions, and other forms of discrimination. The success of APP in implementing its anti-discrimination policy is evidenced by the absence of reports related to discrimination incidents during the reporting year.

1:1

Base salary and compensation ratio between female and male employees

0

Reports made regarding discrimination incidents

PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITIES

APP strives to contribute to Indonesia's economic equity by prioritizing local workforce residing around the company's operational areas to join APP. Local workforce is defined as individuals born and living in the company's operational locations. APP is committed to empowering local communities and developing regional potential by providing equal opportunities for local residents to take up senior management positions. In 2023, approximately 66% of APP's total employees were from the local community.

Management Composition

Year	Male		Female	
	Sub total	%	Sub total	%
2023	2,091	86%	348	14%
2022	2,122	85%	388	15%
2021	2,055	85%	369	15%

Non-Management Composition

Year	Male		Female	
	Sub total	%	Sub total	%
2023	28,219	92%	2,386	8%
2022	27,794	92%	2,378	8%
2021	27,567	92%	2,365	8%

[GRI 202-2] [S.1.3.5]

±66%

Total employee are
from the local community

TRAINING PROGRAM

TRAINING STRATEGY AND PROGRAM

Employee training is a critical investment for the future of the company. Competent employees in their respective fields produce higher quality products and services, ultimately enhancing the company's competitiveness. APP conducts regular training sessions in technical skills, management skills, and leadership qualities, open to all employees from field supervisors to corporate executives. The implementation and development of these training programs are managed by APP Academy and external partners with expertise in relevant training areas. This ensures that the training programs offered are aligned with the company's needs and effective in improving employee performance.

In 2023, APP organized employee training sessions approximately 10 times per location, attended by all employees. These training sessions included:

[OJK E.2]

- ✓ Safety Program.
- ✓ Technical Skills.
- ✓ Managerial Skills.
- ✓ Corporate Program.
- ✓ Environmental Program.

[GRI 404-2] [OJK E.2] [OJK F.22] [S:1.5.2.2]

The Human Resources Development Program of APP is designed to enhance and strengthen employees' core competencies, equipping them with the skills and knowledge to effectively lead and support business growth at headquarters, mills, and in forestry. We aim for 2,500 participants to engage in this program by 2030. Currently, 217 employees are involved in the program, including:

62 PARTICIPANTS
Management Trainee Program

124 PARTICIPANTS
Graduate Trainee Program

31 PARTICIPANTS
ITSB Scholarship Program

Besides the Human Resources Development Program by APP, leadership teams from each mill operation and forestry unit have developed specialized training programs to ensure alignment with operational goals. Over 900 digital modules are available to all APP employees, accessible even to those who have left the company. The Metaverse application provides a platform for employees to engage in informal social media-based learning through interactive Q&A sessions. Contributions from retired professionals and experienced experts ensure employees receive comprehensive training from diverse perspectives. Additionally, APP offers standardized Occupational Health and Safety (OHS) training across all mills and forestry units.

A summary of average training hours by gender and employee position is presented in the following table:

Average Training Hours for Employee [GRI 404-1]

Description	Total Employee (people)	Training hours (hours)	Average Training Hours per Employee (hours/person)
All			
Based on Gender			
Male	151,692	785,934	5
Female	8,518	43,585	4
Based on position			
Management	14,673	91,919	4
Non Management	145,537	737,600	4

829,519 HOURS

Total training hours

PERFORMANCE REVIEW

APP conducts regular performance evaluations and assessments based on the achievement of Key Performance Indicators (KPIs) for each employee. Through this evaluation system, management monitors employee performance to enhance their future work quality. Evaluation results are used as a basis for considerations regarding training program development, incentive allocation, employee transfers, and promotions. In the reporting year, APP reviewed the performance of all company employees, both male and female, across all levels of positions.

[GRI 404-3] [S1.5.2.4]

DECENT AND SAFEWORKING ENVIRONMENT

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

APP prioritizes Occupational Safety and Health (OHS) aspects as the main foundation of all company operational activities to protect employees and achieve the target of zero occupational accidents. To achieve this goal, APP has developed an Occupational Safety and Health Management System that refers to various national and international standards, such as:

- Law No. 1 of 1970 concerning Occupational Safety.
- Law No. 13 of 2003 concerning Manpower.
- Law No. 36 of 2009 concerning Health.
- Government Regulation (PP) No. 50 of 2012. Implementation of Occupational Safety and Health Management System.
- Minister of Manpower Regulation Number 5 of 2018 Concerning Occupational Safety and Health of the Work Environment.
- ISO 45001:2018 on Occupational Safety and Health Management System.

The OHS Standard of APP applies across all company operational areas and must be adhered by all employees, business partners, and any parties involved in APP operations without exception. Every Mill Head is responsible for implementing OHS measures, supported by a competent team, and reporting to the President Director. [S.1.6.2.1.2]

To enhance OHS effectiveness, the company has established a policy to conduct internal audits of its Occupational Health and Safety Management System (OHSMS) every three years. This internal OHSMS audit is a meticulous and comprehensive process aimed at evaluating various critical aspects of occupational health and safety management within the company. The primary goal of these audits is to identify strengths and weaknesses in OHSMS implementation, providing a foundation for developing more effective strategies and improving performance in the future.

The audit covers several key areas including strategy, leadership, planning, support levels, operations, and performance. Additionally, APP also undergoes external audits conducted by independent third parties, such as triennial OHSMS recertification audits, annual ISO 45001 audits, and yearly OHS Performance audits. The results of these audits serve as the basis for developing appropriate corrective action plans and formulating long-term strategies to strengthen the company's OHSMS. Furthermore, APP regularly reports to relevant departments of both central and regional governments. By conducting regular reporting and OHSMS audits, the company ensures that its occupational health and safety management system remains relevant, effective, and aligned with the latest developments in this field. [S.1.6.2.1.9]

HAZARD IDENTIFICATION, RISK ASSESSMENT, AND INCIDENT INVESTIGATION

APP implements a system of hazard identification and workplace accident risk assessment to minimize the risk of accidents and occupational diseases. This process involves strategies for investigating incidents to identify necessary corrective actions to prevent recurrence of similar incidents. The process of hazard identification, risk assessment, and incident investigation follows a codified and systematic risk management procedure, encompassing various aspects including:

- ✓ Basic Principles of Risk Assessment.
- ✓ Hazard Identification.
- ✓ Occupational Safety and Health (OHS) Risk Assessment and Other Risks: Inherent OHS Risks, Existing OHS Risks, Residual Risks.
- ✓ OHS Risk Assessment and Other Opportunities.
- ✓ Planning Actions, Review, and Analysis of Risk Management Programs.
- ✓ Occupational Safety Analysis.

Workplace risk assessment includes risk reduction plans or action plans, which involve monitoring activities to mitigate identified risks. We utilize risk assessment tools such as Job Safety Analysis (JSA) and Hazard Identification Assessment and Risk Opportunities (HIARO), which are integral to our flagship Safety Performance Index (SPI) program.

APP maintains rigorous procedures for incident management, including structured reporting and recording processes. Every incident, whether minor or major, must be promptly reported according to established procedures, and accurate records must be kept for each occurrence. Furthermore, APP employs Root Cause Analysis (RCA) tools to identify the underlying factors of incidents, enabling corrective actions to prevent recurrence of similar events in the future.

Additionally, APP has a policy to issue alerts to all employees in the event of significant incidents. These alerts are aimed at raising awareness of safety importance and preventing the recurrence of similar incidents.

We also conduct regular inspections and risk assessments at potentially hazardous locations and implement HIARO. Other efforts include:

- ✓ Developing a workplace safety analysis program.
- ✓ Reviewing and updating standard operating procedures and work instructions.
- ✓ Installing guards around hazardous machinery.
- ✓ Implementing a Stop Work Authority (SWA) Program to encourage employees to halt work if they identify unsafe behaviours or conditions. Every worker has the right to leave a work situation they believe may jeopardize their health and safety. Employees can report without fear of retaliation.

APP has a comprehensive emergency response system to mitigate risks arising from emergency events. This emergency response system includes: [S.1.6.2.1.7]

- ✓ Emergency Response Procedures.
- ✓ Equipment and Supplies for Emergency Response such as fire trucks, ambulances, first aid rooms, evacuation routes, safe assembly points, first aid kits, medical equipment, evacuation tools, and others.
- ✓ Emergency Response Team.
- ✓ Certification of Emergency Response Personnel Competence.



OCCUPATIONAL HEALTH SERVICES

Maintaining employee health is a crucial investment for companies because physically and mentally healthy employees are more productive and innovative. APP strives to create a comfortable and safe work environment by providing accessible healthcare facilities for all employees. To achieve this goal, APP offers healthcare services that are promotive, preventive, and rehabilitative in nature:

1.

Promotive Health Services focus on encouraging employees to adopt healthy behaviours and creating a healthy environment. APP provides these services through:

a.

Delivery of Occupational Health and Industrial Hygiene (OHIH) materials.

b.

APP Health Forum webinars, delivering OHIH content online by partnering practitioners from APP (SehatQ doctors / Eka Hospital).

c.

Bi-weekly Healthy Exercise Together sessions coordinated by SPSI.

d.

Cardiopulmonary Resuscitation (CPR) training.

e.

Medical training.

f.

Annual blood donation drive in collaboration with PMI (Indonesian Red Cross).
2.

Preventive Health Services, which focus on health promotion and early detection of diseases. Preventive Health Services include:

a.

Fogging for prevention of vector-borne diseases.

b.

Provision of iron supplements for female workers.

c.

Provision of supplementary food such as milk for workers in specified high-risk occupations.

d.

Regular health check-ups.

e.

24-hour open first aid room.

f.

Paramedics on standby 24/7 for first aid, light medical consultations, and daily fit-to-work assessments.

g.

Distribution of first aid kits at 15 locations.

h.

Random screening for Non-Communicable Diseases (NCDs) (blood pressure, blood sugar, cholesterol, and uric acid).

i.

Medical consultation sessions with a doctor.

j.

Iva and pap smear tests for cervical cancer detection.
3.

Rehabilitative Health Services refer to health services designed to assist employees who have experienced injury or illness to safely return to work. These services include post-work accident recovery monitoring programs, handling of workplace accidents, as well as home visits to employees with a history of serious illness conducted by the first aid team, occupational health doctor, HR, and the Workers' Union.

24 HOURS

Open First Aid Room

APP takes the confidentiality of employees' health information very seriously. Personal health information of employees is considered confidential and is rigorously protected. This health data will not be used for purposes that could benefit or harm employees. With this commitment, APP ensures that the privacy and well-being of employees are maintained in all aspects of the company's health programs.

WORKER PARTICIPATION, CONSULTATION, AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY

APP has an Occupational Safety and Health Committee (P2K3) whose membership consists of representatives from various work units. Additionally, the composition of P2K3 includes representatives from labour unions and Occupational Health and Safety Experts (AK3). P2K3 serves as a platform for all employees to actively participate in efforts to prevent work accidents that impact company operations. The committee also functions to provide a space for APP employees to convey information, suggestions, and voice their aspirations regarding occupational health and safety management systems to management. P2K3 meetings are held quarterly or four times a year, and the outcomes are reported to the Department of Manpower.

APP is committed to fostering open and transparent communication between management and employees to strengthen a culture of occupational health and safety across the company's operational areas. One strategy to enhance communication related to occupational health and safety is through regular field patrols conducted by senior company leaders alongside union members. This program aims to improve the company management's understanding of on-site conditions and facilitate the identification of various occupational health and safety issues requiring management decisions.



TRAINING FOR WORKERS ON OCCUPATIONAL HEALTH AND SAFETY

Increasing employees' awareness of the importance of occupational health and safety (OHS) is key to achieving zero accident rates and preventing work-related illnesses. Therefore, APP organizes various training sessions related to health and safety at work, structured in a training matrix to identify the necessary training based on employees' positions. Training is provided through induction programs, skills training, certification programs, and risk management courses.

Various training topics conducted include:

1. Personal Protective Equipment (PPE) Training.
2. Fireman Development Program, a comprehensive program covering fire prevention, the use of firefighting equipment, emergency evacuation, and effective extinguishing tactics.
3. Safety Officer Development Program aimed at training professionals in managing and enhancing workplace safety standards.
4. Emergency Response Training to learn how to use Fire Extinguishers (APAR) and hydrants.
5. Safety Riding Training designed to raise awareness and improve safety skills for motor vehicle drivers within the company environment.
6. Industrial Hygiene Training.
7. Incident Command System Training, etc.

INDUSTRIAL HYGIENE

APP ensures comprehensive access to healthcare services for its employees by providing various programs aimed at improving their health quality. These programs include facilities such as gyms, swimming pools, basketball and tennis courts, along with organized group exercises and other physical activities. Additionally, APP conducts webinars and seminars on health-related topics including nutrition, stress management, hygiene, and mental health promotion.

Furthermore, workplace environmental assessments are conducted to identify potential health risks and mitigate them. At each mill, APP implements promotive and preventive programs such as behavioural interventions, chronic disease campaigns, first aid training, medical exercises, health discussions, infectious disease prevention programs, and blood donation drives. Through these initiatives, APP supports and promotes a healthy lifestyle and fitness among its employees. The company also organizes joint sports tournaments including futsal, basketball, badminton, creative gymnastics, and e-sports.

PREVENTION AND MITIGATION OF OHS IMPACTS

Our company is committed to preventing workplace accidents and ensuring the safety and welfare of our employees. As part of these efforts, we have implemented various initiatives, including the Behaviour Based Safety (BBS) approach aimed at understanding employee behaviours in the workplace and identifying risk factors that may lead to accidents.

Additionally, we regularly conduct training and capacity-building activities to enhance awareness of safety practices, knowledge of safe work procedures, and skills to identify and address potential hazards. This training covers various aspects, from the use of work equipment to emergency response actions.

We also continuously evaluate and improve our safety systems based on incident reports, employee feedback, and advancements in technology and best practices in the industry. Through collaboration between management and employees, our goal is to create a safe and healthy work environment for everyone involved in our company's operations.

FIRE PREVENTION IN THE WORKPLACE

APP is committed to preventing the possibility of fires and minimizing associated risks. To achieve this goal, the company has implemented a comprehensive approach, including:

- **Fire and Explosion Risk Analysis (FERA):** We regularly conduct fire and explosion risk analyses to identify potential vulnerable points and develop appropriate preventive measures.
- **Hazard and Operability Study (HAZOP):** We implement hazard and operability studies to identify risks associated with operational processes and take suitable preventive actions.
- **Compliance with Regulations and Standards:** We prioritize compliance with applicable safety regulations and industry standards established by both governmental bodies and relevant industry standards.
- **Preparedness Programs:** We implement preparedness programs that include regular fire readiness training for all employees, routine inspections of equipment and fire protection systems, and periodic testing to ensure their proper functioning.
- **Firefighter Personnel Training:** We have a specialized Fire Mills Development Program designed to train firefighting personnel. This program covers technical, tactical, and procedural training to enhance skills and readiness in responding to fire incidents.

Through these holistic and proactive approaches, APP ensures that workplace fire risks are minimized as efficiently as possible and that the company is always prepared to handle any emergency situations that may arise.

OHS MANAGEMENT FOR CONTRACTORS

APP is strongly committed to occupational health and safety (OHS), not only for its internal employees but also for contractors working within the company environment. To ensure consistent safety standards, APP applies the same OHS standards to contractors. A key step in ensuring compliance is through the implementation of Contractor Safety Management Systems (CSMS).

By using CSMS, we screen contractors based on their safety qualifications. Only qualified and certified vendors are permitted to work at our mill facilities. This screening process ensures that contractors have a strong understanding of necessary occupational health and safety practices and are trained to implement appropriate OHS standards.

Furthermore, we regularly evaluate and monitor contractors working at our facilities to ensure ongoing compliance with established OHS standards. These actions not only protect the safety of internal company employees but also mitigate potential risks associated with contractor activities in the workplace.

WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

The Occupational Health and Safety Management System of APP implemented across the company covers all employees and business partners including vendors, visitors, and other stakeholders across all operational areas of APP. Additionally, discussions related to occupational health and safety (OHS) are included in the Collective Labor Agreement (CLA) which protects all individuals within APP.

100%

Occupational Health and Safety Management System implemented in APP

WORKPLACE ACCIDENT

To prevent incidents, common workplace accident risks have been identified through the Occupational Health and Safety Management System (OHSMS), namely: motor vehicle safety, traffic safety, falls from heights, energy isolation, powered equipment, electricity, machine/conveyor guards, equipment failure, hazardous materials, confined spaces, excavation and trench work, hot work, lifting and rigging.

The comprehensive implementation of OHS culture across all operational areas of APP has shown Total Recordable Injury Rate (TRIR) and Loss Time Injury Frequency Rate (LTIFR) results that need improvement in 2023 compared to the previous year. The company recorded one workplace accident resulting in a fatality among employees due to operational activities of APP. A thorough investigation into the root causes of this workplace accident has been conducted, and the company is committed to continuously enhancing the OHS management system to prevent similar incidents from recurring in the future.

Table of Work Accidents Rates [S.1.6.2.1.8]

Year	2021		2022		2023	
	Employee	Outsource	Employee	Outsource	Employee	Outsource
Fatality rate	0.01	0.06	0.03	0.10	0.01	0.05
The rate of workplace accidents with significant consequences	0.03	0.08	0.11	0.06	0.00	0.00
The level of recorded workplace accident	3.57	0.8	2.95	0.59	3.08	0.90

Table Lost Time Injury Frequency Rate (LTIFR)

	2021	2022	2023
Mills	0.73	0.86	0.91
Forestry Unit	1.91	1.12	0.77

*) The calculation is based on 1,000,000 working hours.

The company is committed to implementing various programs and strategies to achieve zero fatality target. Based on the evaluation results of fatal workplace accidents, APP has taken action by tightening supervision of contractors leaving the work environment and conducting awareness campaigns on potential accident risks in the workplace.

Occupational Diseases

APP prioritizes employee health and safety as an integral part of its business operations. To safeguard employee well-being and reduce the risk of occupational diseases, APP implements structured and procedure-based measures for the identification and management of occupational diseases. The process begins with identifying conditions or illnesses suspected to be caused by the work environment based on findings from annual employee medical check-ups. This is followed by the collection of adequate evidence and information to support the claim, such as medical reports and laboratory test results. A comprehensive analysis of the collected data is then conducted to determine the extent of the relationship between the working conditions and the suspected illness.

Occupational diseases that have been identified as potential risks include Acute Respiratory Infection (ARI), Low Back Pain (LBP), and Pharyngitis. The company has implemented various preventive measures, including regular Health Talks, health training sessions, work environment measurements and preventive measures, and periodic Medical Check-Ups (MCUs). During the reporting year, no employees were diagnosed with occupational diseases. [GRI 403-10]



0 **EMPLOYEES**
has caught
occupational
diseases
throughout 2023



CREATING SOCIAL VALUE

In this report, APP employs the terminology of Community Empowerment (CE) rather than Corporate Social Responsibility (CSR) to emphasize a long-term approach to enhancing community welfare. Over the years, APP has been focused to achieving measurable positive impacts. Nonetheless, all our CE initiatives are aligned with the legal definition of CSR as per Indonesian laws and regulations.

APP develops CE programs with a focus on empowering communities, developing capacities, and fostering symbiotic relationships with them. These CE programs are coordinated by the Sustainability and Stakeholder

Engagement Division within the company. Essentially, the goal of these CE programs is to create positive impacts for the surrounding communities and the environment in which APP operates. We recognize that APP’s operations is surrounded by communities; therefore, APP strives to co-habitat with the surrounding community through shared values and CE initiatives. Through this empowerment, APP seeks to enhance the quality of life of local communities and help them elevate in economic development, etc.

[OJK F.23] [S.4.2.11.1]

In the reporting year, CE funds rolled out amounted to approximately USD 2.219 million for various community development programs, charitable initiatives, capacity building, and infrastructure development. APP collaborated with 3,756 partners and beneficiary communities, marking an increase compared to previous years.

The Number of CE Program Beneficiaries Mills

Program	2021	2022	2023
Charity	14,886	89,184	110,242
Infrastructure	11,455	27,049	20,726
Capacity Building	52,546	323,848	75,476
Community Development	24,843	158,651	110,666
Total	103,370	598,732	317,110

Number of Partners and Beneficiary Communities

Program	2021	2022	2023
Partners	1,422	1,582	1,800
Beneficiaries Community	1,519	1,724	1,956

COMMUNITY ENGAGEMENT

APP is committed to building strong relationships with the surrounding community.

This involves open communication and collaboration with stakeholders such as local governments, non-governmental organizations, and the local community. By fostering these strong relationships, APP can better understand the needs and aspirations of the community and work together to create beneficial solutions for all parties.

We also adhere to the principle of prior informed consent and stakeholder engagement. Communication with the community is realized through regular consultation forums held as needed, at least once a year. In efforts to identify community needs, APP conducts surveys to solicit feedback and actively participates in Development Planning Meetings (Musrenbang) at the village, sub-district, and district levels.

The importance of Community Empowerment (CE) programs at APP is reflected in the management processes associated with their implementation. Company management periodically reviews the implementation of these policies and CE programs. This includes evaluating

the impacts of implemented programs and making necessary adjustments to enhance their effectiveness and relevance in response to current needs and developments.

We conduct Social Impact Studies (SIS) in our operational areas to map stakeholders and their social challenges, enabling us to develop aligned and sustainable development plans, as well as appropriate empowerment programs. This mapping program involves experts and academics, including partners such as UNSRI (University of Sriwijaya) and Social Investment Indonesia (SII).

100% of our CE programs are developed involving local communities and are based on in-depth research. Consequently, within APP's operational areas, there are no significant negative impacts on the community resulting from our activities. [GRI 413-1] [GRI 413-2]

100%

CE Programs are Developed with Local Communities Involvement



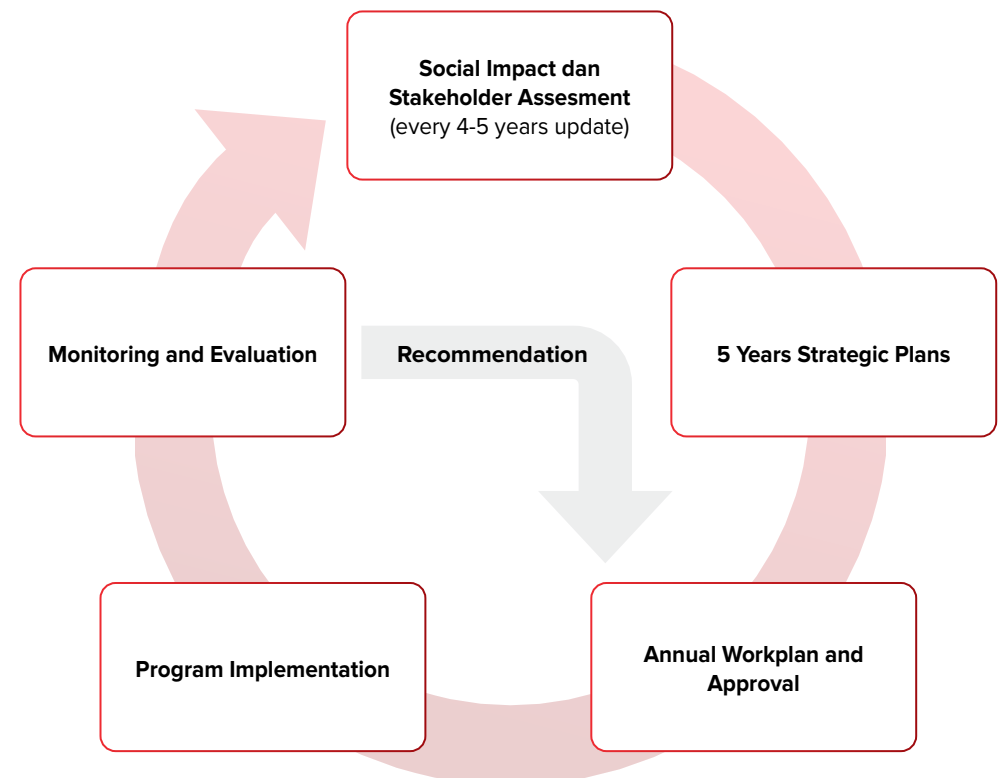
CE APP PROGRAM FRAMEWORK

APP has developed the CE program with a focus on empowering communities and building strong relationships with the community to support self-sufficiency and well-being. APP believes that sustainable operations are achieved by creating a positive impact on the surrounding communities and the environment in which APP operates. This commitment is a realization of the Sustainability Roadmap Vision 2030 strategy under People pillar, through which APP is dedicated to supporting the lives of people in and around its operational areas. The CE program is implemented based on the recommendations from the Social Impact Study (SIS), conducted every 4 to 5 years. These recommendations form the basis for a strategic five-year CE program plan, which is then translated into an annual short-term work plan. The CE program is executed across 14 mills, six forestry companies within APP and extended to SERACS, with an emphasis on community empowerment initiatives to ensure a sustainable positive impact.

In addition to the SIS, APP's CE Program aligns with government development

programs and adheres to the United Nations' Sustainable Development Goals (SDGs), specifically SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 6 (Clean Water and Sanitation), SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production), and SDG 14 (Life Below Water).

To track the progress of activities, the CE program is regularly monitored and updated in a reporting and monitoring system that also involves the government, NGOs, and the community. The CE program is measured to understand its deeper impact on the community using the Social Return on Investment (SROI) methodology, where the outcomes of the program are compared with the resources invested in the community.



APP'S COMMUNITY EMPOWERMENT FOUR PILLARS



CHARITY

Social assistance including food packages, mass circumcisions, and financial aid.



INFRASTRUCTURE

Provision of public infrastructure and amenities.



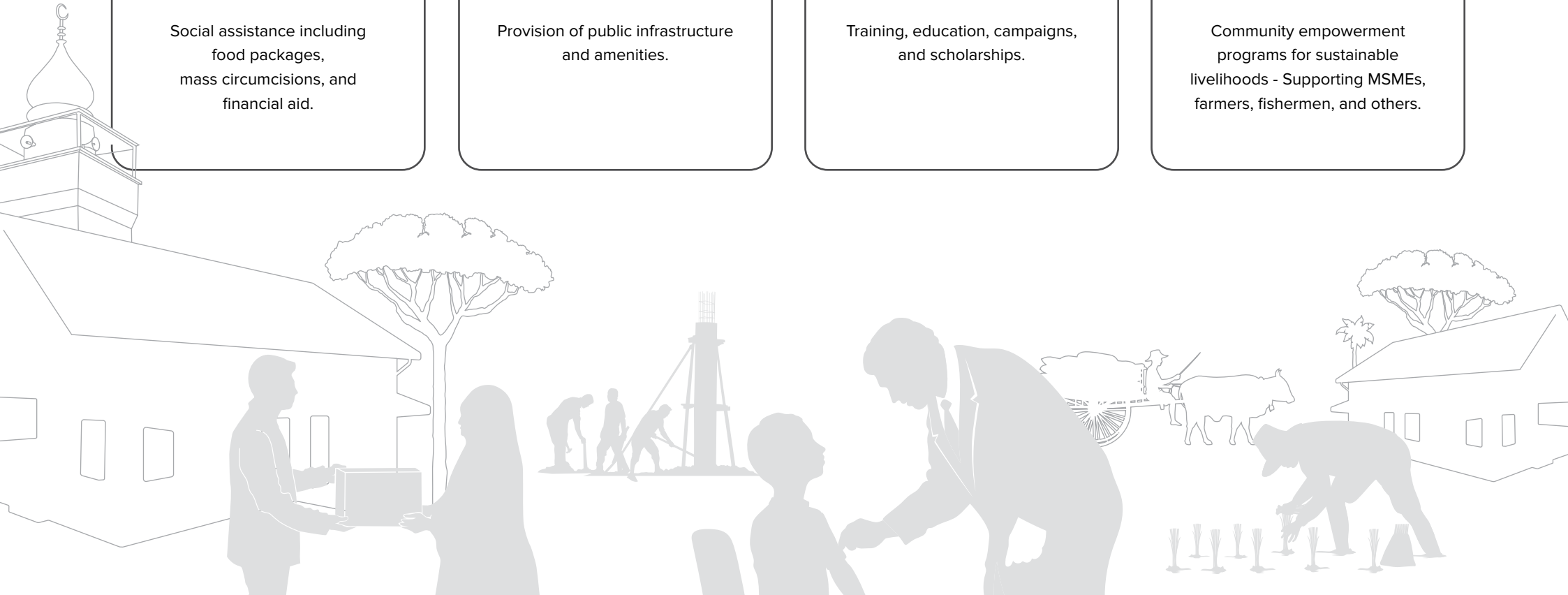
CAPACITY BUILDING

Training, education, campaigns, and scholarships.



COMMUNITY DEVELOPMENT

Community empowerment programs for sustainable livelihoods - Supporting MSMEs, farmers, fishermen, and others.





CHARITY

APP has reaffirmed its commitment to providing aid tailored to the needs of the community through special programs and support for local events. By listening to and understanding the needs and aspirations of the local population, APP can design initiatives that are relevant and effective in enhancing their well-being.

- ✓ Providing holiday assistance (i.e., Eid al-Fitr) to residents around the company.
- ✓ Donating sacrificial animals for the Eid al-Adha celebration.
- ✓ Giving support to orphans of former employees and local residents.
- ✓ Employee blood donations for local Red Cross blood banks.



INFRASTRUCTURE DEVELOPMENT

[GRI 203-1]

Assistance and support for village infrastructure play a crucial role in improving the quality of life and strengthening the resilience of local communities. By providing support for the construction of roads and bridges, economic activities become more efficient, thus accelerating economic growth. For example, agricultural productivity is enhanced as farmers no longer need to travel long distances from planting to harvest. This efficiency boosts crop yields and increases farmers' incomes.

Furthermore, with good infrastructure, villagers gain easier access to education, healthcare, and markets. Some of the infrastructure support provided by APP in the reporting year includes:

- ✓ Construction of various community social facilities such as places of worship (mosques and prayer rooms), schools, and health facilities like maternal and child health centers and community health clinics.
- ✓ Construction of roads and bridges to facilitate economic access, particularly for agriculture.
- ✓ Donation of concrete blocks for the improvement of public facilities and housing renovation in Sumberejo Village (Ekamas Fortuna).
- ✓ Construction of housing for those living in substandard conditions (Pindo Deli Karawang).
- ✓ Utilization of bottom ash waste from coal combustion at power plants to produce multiblock (Tjiwi Kimia).

CONSTRUCTION OF UNINHABITABLE HOUSES (RUTILAHU)

From 2017 to 2023, Indah Kiat Serang (IKS) supported the Serang Regency Government through the Uninhabitable House Program (Rutilahu). The recipients of Rutilahu assistance were impoverished families recommended by the government. IKS also conducted surveys to verify the data and conditions of potential beneficiaries. Funding for this program came not only from IKS but also from the local government and the Indonesian National Armed Forces (TNI). Additionally, the local community also participated in the contribution in the form of labour, materials, food, beverages, etc. In 2023, six houses with toilets were built. From 2017 to 2023, IKS has supported the construction of a total of 44 housing units.

This program received high appreciation from the community and the Serang Regency Government. On several occasions, the Regent of Serang attended the symbolic handover of the renovated houses. The impact of constructing these previously uninhabitable houses was directly felt by the beneficiaries, as the homes became safer, more comfortable, and healthier. This was in stark contrast to their previous conditions, where the houses were unfit for habitation, dirty, and nearly collapsing.

PAVING BLOCK SUPPORT FOR COMMUNITY INFRASTRUCTURE

Fly Ash and Bottom Ash (FABA), commonly known as coal waste, have gained special attention due to their potential use in infrastructure projects such as bricks, paving blocks, and roof tiles. According to Government Regulation No. 22 of 2021, FABA is now classified as non-hazardous waste, enabling its optimal utilization for the benefit of the community, particularly in the operational areas of Tjiwi Kimia through its CSR programs. With programs designed and supported by local governments, Tjiwi Kimia has been able to positively impact both the community and the surrounding environment.

Each year, Tjiwi Kimia produces approximately 900,000 paving blocks, which are distributed to the community, successfully reducing FABA waste accumulation and lowering the operational costs of FABA management. The benefits of this initiative are felt by both the company and the community. In addition to reducing waste processing costs, this program also contributes to the implementation of corporate social responsibility. Annually, the contribution to the community is valued at IDR 1.5 billion. From the community's perspective, infrastructure improvements, such as school yards, village roads, mosque courtyards, and other public facilities, have become safer and more suitable for activities. To date, a total of 17 schools and religious educational institutions have utilized paving block support from FABA.



CAPACITY BUILDING PROGRAM

[GRI 203-2]

APP has made community capacity building programs one of its core focuses. Through various initiatives designed to empower local communities, APP commits to enhancing the quality of life, education, health, and economic opportunities for those living around its operational areas. Some of the capacity building programs include:

- ✓ Community health promotion, such as dental health education for elementary school students in collaboration with RS Wava Husada (Ekamas) and local health centers.
- ✓ Support for disaster preparedness and provision of necessary infrastructure (Ekamas).
- ✓ Empowerment of people with disabilities.

COMMUNITY HEALTH PROMOTION

The company collaborates with Wava Husada Hospital in Malang to promote healthy lifestyles through community health campaigns. This program includes education on hygiene, nutrition, and common diseases, as well as health screenings and medical consultations. Implemented in six areas with up to 500 participants per session, the program also targets school children by promoting Clean and Healthy Living Behaviours (PHBS) and dental health practices.

Health promotion activities are also routinely conducted at Indah Kiat Perawang and Lontar Papyrus, in partnership with local health centers (Puskesmas) and local governments, involving active community participation. This program is carried out in areas that are relatively far from public health facilities. In addition to educating the community about PHBS as a disease prevention measure, APP also provides free health check-ups.

EMPOWERING PEOPLE WITH DISABILITIES

Purinusa Ekapersada Semarang supports the growth of SMEs run by people with disabilities in Semarang, Central Java, by providing innovative training, equipment, and capital. Through workshops, participants learn to transform wood waste into attractive furniture and handicrafts. This program also facilitates product marketing through exhibitions in Semarang, Magelang, and Salatiga. This initiative enhances the economic independence of people with disabilities, providing them with a monthly income of one to two million rupiah.

STUNTING PREVENTION

The Posyandu Purinusa program is an initiative launched by the company to improve maternal and child health. In 2023, the program also focused on combating stunting by providing supplementary food in the form of local tofu nuggets to toddlers, benefiting over 400 toddlers and mothers around the company area. These tofu nuggets are produced by small and medium enterprises (SMEs) supported by the company. Additionally, Posyandu activities include maternal and child health check-ups, health education, immunizations, and vitamin distribution. The company believes that maternal and child health is key to a brighter future.

Indah Kiat Tangerang demonstrates its commitment to community health, particularly in the stunting prevention program around its mill, by supporting the Posyandu program. The support includes providing supplementary food (PMT) for toddlers and pregnant women to improve their nutrition and health. The PMT provided consists of local ingredients such as mung bean porridge, milk, and vitamins. Support for Posyandu is provided to 27 Posyandu in six sub-districts: Pakulonon, Pakualam, Jelupang, Ponjati. Additionally, health education, PHBS, and stunting prevention awareness are conducted in Posyandu activities for the community.



EDUCATION AND OUTREACH PROGRAM [GRI 203-2]

The CE APP Program in education and leadership demonstrates the company's commitment to enhancing the quality of life for the community and building a better future. These programs provide opportunities for employees and local communities to develop their potential and achieve success. The programs offered include:

1. Scholarships for High-Achieving Employees' Children

APP offers scholarships to children of employees who excel academically and pass tests and interviews. This program helps them pursue higher education.

2. Talent Development for Future Leadership

APP has a talent development program for employees with the potential to become future leaders. Known as the "talent pipeline," this program has identified six employees in OKI with the potential to replace their superiors within five years. At Tjiwi Kimia, 69 employees are being prepared for future leadership through this program.

3. Vocational D4 Scholarships for Local Community Empowerment

In collaboration with the Bekasi Regency government, APP provides vocational D4 scholarships to local residents. Graduates of this program are prioritized for recruitment at APP's mills. This initiative is a form of local community empowerment and prioritizes local hiring.

4. Scholarships and Educational Discounts at Sinar Mas World Academy

For employees' children, Sinar Mas World Academy offers scholarships and discounts for quality education, enabling them to receive the best education at affordable costs.

5. College Scholarships for Underprivileged Communities

Indah Kiat Perawang (IKP) runs a scholarship program for high school graduates accepted into public universities. In 2023, IKP supported 54 students from various districts in Siak Regency who are currently enrolled in public universities. The scholarship process includes a preliminary screening test announced in local newspapers, followed by several stages of selection. Successful candidates receive educational funding for nine semesters, provided they maintain a minimum GPA of 2.75 on a 4.0 scale each semester.

FUTURE SKILLS “SUSTAINABILITY IN BUSINESS”

To prepare young people for a world where sustainable and responsible business practices are increasingly crucial, APP collaborates with Pijar Foundation and Gajah Mada University through the "Future Skills" program. This initiative connects industry with students, universities, and future talents in Indonesia.

The collaboration aims to introduce sustainable thinking and empower young individuals before they enter the workforce. The program covers various learning topics, from sustainable forest management to corporate career development. Innovation in sustainability is a significant component, encouraging participants of the Future Skills program to explore sustainable product development.

In 2023, APP conducted two batches of this program, involving a total of 591 participants from different provinces across Indonesia. Each session included brief interactive quizzes to ensure active participation and valuable feedback from participants. APP also provided mentorship to sharpen participants' skills. Students were required to prepare final presentations showcasing their learning achievements. Upon completion, participants received grades similar to university courses, which could be converted into Semester Credit Units (SKS) at their respective universities.

AGRICULTURAL EXTENSION

Extension through demplot is the key to success in enhancing agricultural productivity. Demplot, short for "demonstration plot," is a program that directly showcases best farming practices to farmers, enabling them to learn firsthand from practical experience and enhance their skills in land and crop management. APP conducts outreach sessions for farmers in Jadimulya Village, right on the border between Air Sugihan District and Banyuasin Regency through demplots. Farmers are provided with initial funding of three million Indonesian Rupiah per hectare. Through a rolling approach, farmers are given the opportunity to optimally utilize their peatlands. This program isn't just about providing funding; it also educates on the best agricultural techniques. Through partnerships with farmer groups and the involvement of agricultural extension workers, successful rice demonstration plots serve as examples for surrounding villages. Thus, the program not only brings economic benefits but also shifts the paradigm regarding agricultural

potential in peatland areas. By 2023, the success of this program is evident in the management of 18 hectares by 18 initial funding recipients.

In Subang, Perusahaan collaborates with the Department of Agriculture to support farmers from planting to harvesting. This collaboration has resulted in a remarkable increase in rice production. Initially, average rice yields were around 600 kilograms per season. However, through collective efforts and technical guidance, yields have increased to one ton per planting season, significantly boosting productivity across a four-hectare area.



ENVIRONMENTAL PROGRAM

As a company committed to social and environmental responsibility, the CE program implemented by APP not only focuses on economic aspects but also encompasses various initiatives aimed at protecting and enhancing the environment. The significance of environmental programs within the framework of APP's CE cannot be overstated, as it reflects the company's commitment to maintaining ecosystem balance, minimizing negative environmental impacts, and making positive contributions to nature conservation and overall environmental sustainability.

90%

Waste Volume Reduced Using The Maggot Waste Management Method

PROKLIM AWARD FOR ENVIRONMENTAL CONSERVATION

The company supports waste management through the Maggot Waste Management Assistance Program in Babagan Penghulu Subdistrict, Bandung. This program utilizes Black Soldier fly larvae to decompose organic waste and has benefited approximately 1,000 households across 3 neighbourhoods. With the use of shredding machines, equipment, and guidance, the maggot method reduces waste volume by up to 90% and produces organic fertilizer. Due to this initiative, Babagan Penghulu Subdistrict was awarded the PROKLIM MoEF Main Certificate in 2023 and has received substantial environmental and economic assistance from the government.

In addition to Babagan Penghulu Subdistrict, 13 other villages under the stewardship of APP also received the Main PROKLIM Certificate award, two villages received the Main PROKLIM Trophy award, and one village achieved the highest honour, the PROKLIM Sustainable Trophy.

REVIVING THE CITARUM RIVER

Purinus Ekapersada (PEP) Bandung demonstrates its commitment to preserving the ecosystem around its mill by safeguarding the Citarum River. Through the Citarum Harum program, PEP collaborates with the government and local communities to plant over 600 trees along the river and in nearby villages. They also provide cleaning equipment and other assistance. Mill staff actively participate in river clean-ups every quarter, alongside educational initiatives aimed at raising environmental awareness among the community.

CONSERVING MARINE LIFE THROUGH MANGROVE FOREST MANAGEMENT

Since 2016, PEP Demak, in collaboration with Diponegoro University and the Tambak Bulusan village community, has planted over 40,000 mangrove trees across a 9-hectare area. This initiative not only protects the coastline from erosion and supports marine life but also promotes the growth of micro, small, and medium enterprises (UMKM) by utilizing mangrove fruits and leaves for food and beverage production. PEP Demak supports UMKM by providing production equipment, empowering women, and developing sustainable businesses.

The community empowerment and environmental conservation program in coastal areas has been undertaken by Indah Kiat Tangerang (IKT) since 2019, in collaboration with local communities and with support from relevant authorities. From 2022 to 2023, IKT planted 50,000 mangrove seedlings in three planting locations: Patramanggala Village, Kemiri District; TMC Tanjung Pasir, Teluknaga District; and Ketapang Village, Mauk District, Tangerang Regency. This brings the total number of mangroves supported by IKT from 2018 to 2023 to 175,000. During the planting process, IKT worked closely with mangrove farmer groups from Ketapang Village, the Tangerang Regency Government, and the Buddha Tzu Chi Indonesia Foundation. Concurrently, the local government has developed the area into an ecotourism zone in Tangerang Regency.



COMMUNITY DEVELOPMENT PROGRAM [GRI 203-2]

MUSHROOM HOUSE AND MEDICINAL PLANTS

The cultivation program of oyster mushrooms and medicinal plants started in January 2023, managed by a PKK group consisting of 14 residents operating on a profit-sharing basis. Tjiwi granted land use permission for mushroom houses and medicinal plant development at a designated site. The company collaborated with the village government, where the government constructed mushroom houses while Tjiwi provided mushroom racks and 1,000 bags of mushroom spawn for planting mushroom seedlings.

The PKK group also achieved recognition for planting 125 medicinal plants and innovating natural beverage products. Currently, oyster mushroom cultivation operates independently, yielding 2-3 kg of mushrooms daily. Mushroom and medicinal plant products are marketed locally at affordable prices, contributing to the economic improvement of the surrounding residents.

TRANSFORMING WASTE INTO ECONOMIC STRENGTH

Since 2019, Indah Kiat Perawang has been actively involved in processing pallet wood waste to support local economic development through empowering the Tualang Wood Working group. This group, consisting of five members, has successfully transformed this waste into high-quality products such as tables, chairs, cabinets, and more. As demand increased, they have readily sought additional workers, creating broader job opportunities within their community. With full support from Indah Kiat Perawang in providing raw materials, work equipment, and effective marketing strategies within and outside of Riau, Tualang Wood Working has significantly increased its monthly income to IDR 10 million to IDR 15 million, proving that sustainable waste management efforts can bring significant economic benefits to society.

"The waste of one person is another's treasure" applies to two weaving communities using plastic rope waste from the Indah Kiat Perawang mill to create baskets and other crafts. Together, these two groups, comprising approximately 60 members, mostly women, produce fruit baskets, tote bags, and various other types of bags. Through this initiative, members earn additional income ranging from IDR 700,000 to IDR 2 million monthly. Additionally, the company contributes to government waste management programs based on the principles of Reduce, Reuse, and Recycle (3R).



EMPOWERMENT OF WOMEN'S ECONOMY

The UMKM (Micro, Small, and Medium Enterprises) training program organized by APP throughout Indonesia comprised 40 participants in the initial wave of 2022 and 50 participants in the second wave of 2023, totalling 90 participants by 2023. This program is a result of collaboration between the company and the Dr. Sjahir Foundation (YDS) – Womanpreneur Community Indonesia (WPC). The training began with identifying potential UMKM beneficiaries, followed by intensive business incubation over three months. One participant, Ms. Titin, who has been running a bread business since 2013, took part in the business incubation program in 2023. The training was conducted online with expert mentors covering topics ranging from business planning to marketing.

The UMKM training program provided participants with new knowledge to enhance their business operations effectively and measurably. Participants saw a significant increase in revenue, doubling or more from previous levels of IDR 600,000 to IDR 700,000. They were also coached on improving the personal branding of their UMKM products. After completing the training, top graduates were encouraged to mentor future participants, strengthening the network and knowledge within the UMKM community.

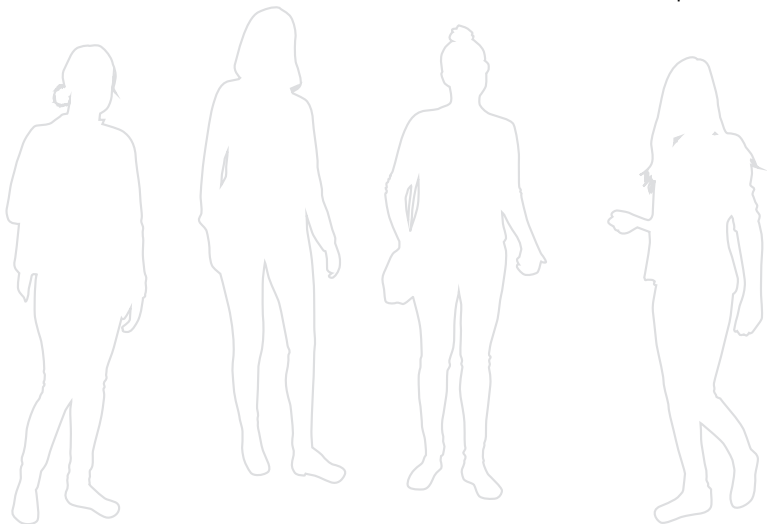
Additional benefits of the program included enhancing participants' ability to manage their businesses, particularly during festive seasons when orders increase, allowing UMKM owners to hire additional help. Many graduates of the business incubation program were also offered opportunities to become trainers, thus expanding the positive impact of this training initiative.

EMPOWERMENT OF TAILORING SMES

This program involves 10 women from Bukit Batu Village, Air Sugihan District, Ogan Komering Ilir Regency. Launched in 2022, it provides sewing lessons primarily to housewives, who receive training from specialists brought in from Kayu Agung City. The intensive training runs daily for three months, ensuring participants become proficient in sewing. They are also supported with ten sewing machines to facilitate productive sewing services.

Not only do they save on expenses for purchasing school uniforms and clothes for their families, but these mothers also engage in sewing as a business, generating additional income ranging from IDR 1 to 3 million. Orders come from the village government, individuals, and companies. Previously, community members had to travel to Palembang for sewing services, but now they benefit from local seamstresses.

This training program has positively impacted the economic well-being of participant families. It supports Sustainable Development Goals (SDGs), particularly gender equality, decent work, and economic growth. By empowering women with skills that enhance their economic independence, the program helps reduce gender disparities and enhances women's roles in both family and community economies.



ZIDNI'S JOURNEY TO SUCCESS: A TESTAMENT TO UMKM EMPOWERMENT

Zidni, a once humble Ramadan snack vendor, has transformed into a thriving bakery and catering business, becoming a household name in the vicinity of the mill. With unwavering support from PT Lontar Papyrus, Zidni's remarkable growth trajectory is a testament to the transformative power of UMKM empowerment initiatives.

In 2019, Zidni's workforce consisted of merely two individuals. Today, that number has grown to 16, with daily sales reaching an impressive IDR 4.5 million. This remarkable progress can be attributed to the comprehensive support provided by PT Lontar Papyrus, encompassing business incubation and financial assistance.

EMPOWERING WATERMELON FARMERS: A SUSTAINABLE PARTNERSHIP

CD Center, a sprawling seven-hectare mill, stands as a beacon of agricultural innovation. Its primary focus lies in cultivating vegetables and watermelons, employing two dedicated teams of eight individuals each. Harvested watermelons embark on a journey to Batam and Jambi, while locally grown vegetables grace the bustling markets of Tebing Tinggi. Each watermelon harvest yields a bountiful 20 tons per cycle, with three cycles transpiring annually, generating a revenue of IDR sixty million. Vegetable harvests, on the other hand, contribute IDR seven million every two months.

Recognizing the backbone role played by farmers in their success, the mill has implemented a comprehensive empowerment program. This initiative extends financial assistance of IDR 25 million per harvest cycle, along with the provision of land for watermelon cultivation. Vegetable farmers are further empowered through capital support for purchasing seeds and fertilizers, as well as access to additional farming land. Through this Corporate Social Responsibility (CSR) program, the mill aims to not only uplift local farmers but also promote sustainable and responsible agricultural practices.

SUPPORTING THE DEVELOPMENT OF CATTLE FARMING

The empowerment program for cattle farmers continues into 2023. Lontar Papyrus has partnered with the Animal Husbandry Office of Tanjabar District. Under this agreement, the mill shares responsibilities, where it will support with a monthly supply of 500 Liters of liquid nitrogen, capacity enhancement through farmer training, and other forms of assistance. Meanwhile, the Animal Husbandry Office will provide technical guidance on cattle breeding, procurement of AI Officers (Inseminators), group organization, and livestock development. The program aims to improve farmers' access to quality cattle resources, increase cattle birth rates, and enhance the income and welfare of farmers. This initiative contributes to positioning Tanjabbar District as the largest cattle-producing district in Jambi Province.



CREATING SHARED VALUE (CSV) THROUGH ORGANIC FERTILIZER EMPOWERMENT GROUPS

In efforts to empower local communities, Lontar Papyrus supports the use of organic fertilizers in agriculture, including those used by the Industrial Plantation Forest (HTI) of Wirakarya Sakti. Support is extended to the Sido Makmur Composting Group in Purwodadi Village. The mill aids the group by enhancing their capacity through composting training, group mentoring, soft loan support, and infrastructure for compost production facilities. Soft loans are utilized to procure trucks for transportation and to build warehouses, ensuring the compost remains dry and its required moisture content is maintained. With this support, the composting group's production processes become more efficient and the finished fertilizer becomes more secure against rain, thereby preserving its quality.

CSV INITIATIVE THROUGH DIGITAL WASTE BANK GROUP SUPPORT (BSD)

In alignment with governmental visions, the company is committed to increasing the use of recycled paper as a production input for Small and Medium Enterprises (SMEs). To achieve this goal, they have partnered with the Digital Waste Bank (BSD) to enhance the absorption of paper waste. Currently, 145 waste collection points are serving over 3,000 clients including communities, schools, government offices, health centers, and organizations spread across Serang and Cilegon. The company collaborates with employee cooperatives of SMEs by forming profit-sharing schemes. This scheme ensures that cooperatives collecting used paper receive incentives and continue to work together to enhance the collection, management, and distribution of recycled paper. Each month, the SMEs absorb nine tons of paper waste through this initiative, with potential for future growth. In 2023, expansion efforts are underway to further establish BSD networks, including outreach and waste bank establishment in schools and offices near the mill.

EMPOWERING BAMBOO WEAVING WOMEN

In efforts to empower women, the company supports a group of women weavers from Tegalmaja Village engaged in the Bamboo Collection SME unit of the Tegal Maja Village-Owned Enterprise (BUMDES). This empowerment initiative preserves the community's generational tradition of bamboo weaving to support local economic activities. Bamboo weaving is combined with Paper Machine rope waste to strengthen and smoothen bamboo weaves, ensuring safety by preventing sharp edges. Support includes capacity building for women groups skilled in bamboo crafts. Product offerings include various finely textured items such as baskets, miniature boats, tissue holders, serving trays, bamboo caps, and more. The company also supports these groups through business incubation for SMEs, in collaboration with the Yayasan Doktor Sjahrir (YDS) – Womanpreneur Community (WPC). This empowerment initiative has positively impacted Tegalmaja Village, increasing productivity among women's groups and individual incomes ranging from IDR 700,000 to IDR 1,500,000 per month. Currently, crafted products are sold beyond the region in places like Bekasi, Bogor, Cikarang, Karawang, and others. In 2023, collaborations were initiated with Serang District Government to enhance product quality and expand export markets through benchmarking studies, export standard training, and other supportive measures.



Several other MSME champions supported by the CSR program of Indah Kiat Perawang include:

No	Type of Program	Description	Achievement
1	UMKM Sido Mulyo (Turmeric Tamarind and Rengginang)	Joined Smart House (Rumpin) in 2019, participated in training organized by the company, and obtained a loan from the Rumpin cooperative.	<ul style="list-style-type: none"> Revenue has increased from 1 million per month previously to 3-4 million per month. Increased workforce. Production, once manual, is now automated with machines.
2	SMSE Smooth Business Barokah (Pare Chips)	Joined Rumpin in 2019. Subsequently participated in training in 2022, followed by company-organized training, and obtained a loan from the Rumpin cooperative.	<ul style="list-style-type: none"> Turnover increased to 3.5 million per month with a total production of 30 kg per month. Establishing a production facility. Marketing has expanded beyond the province (Kalimantan).
3	UMKM Sekar-sari specializes in handcrafted rattan weaving and strapping cord crafts	Assisted by the company since 2020, initially producing only one type of product. With the support of CE, the product range expanded to include various types.	<ul style="list-style-type: none"> Revenue doubled to 70 million per month with a total production of 30 kg per month. Increased workforce from just 7 employees initially to now 25 employees. Expanded marketing from Pekanbaru, West Sumatra, to the province of Jambi.
4	Livestock Farming (Lasiman Cattle & Goat Farmers)	Already received training in integrated agriculture, fisheries, and livestock farming. Received assistance with pregnant cattle in 2015.	<ul style="list-style-type: none"> The livestock population has rapidly increased, starting from just 3 cows to now 23 cows and 40 goats. We have expanded the farm area by an additional half hectare. Our marketing efforts have reached as far as the province of Jambi.
5	MSME Pirlisae (Palm Frond Weaving Craftsmen)	Initially started crafting from strapping tape (2019). Subsequently underwent training from a company in 2022. After the training, transitioned to crafting from coconut palm fronds and produced items such as plates, lampshades, fruit baskets, etc.	<ul style="list-style-type: none"> Be a speaker for several workshops since 2019. The marketing efforts have reached as far as Jambi Province. Achieve a net turnover of 3 million per month by selling one dozen plates every month.

SUCCESS STORY

Trisna, the owner of "Dua Bersaudara" bakery in Lubuk Jering, Riau Province, opened her business in 2018 after deciding to leave her office job to focus on caring for her child.

Facing challenges adapting to this change, she taught herself baking through YouTube and Google, then honed her skills further through government training programs in 2019. In 2023, Trisna participated in the Business Incubation Program in collaboration with APP– Dr. Sjahrir Foundation and Womanpreneur Community Indonesia, which empowered entrepreneurs like herself with knowledge and skills.

Her participation in the program earned Trisna recognition as one of the top 5 "Most Improved Participants," which further motivated her. Her flagship product, sweet potato pizza pies, was well-received in Siak District due to its unique flavour using local sweet potatoes. Selling 50-100 sweet

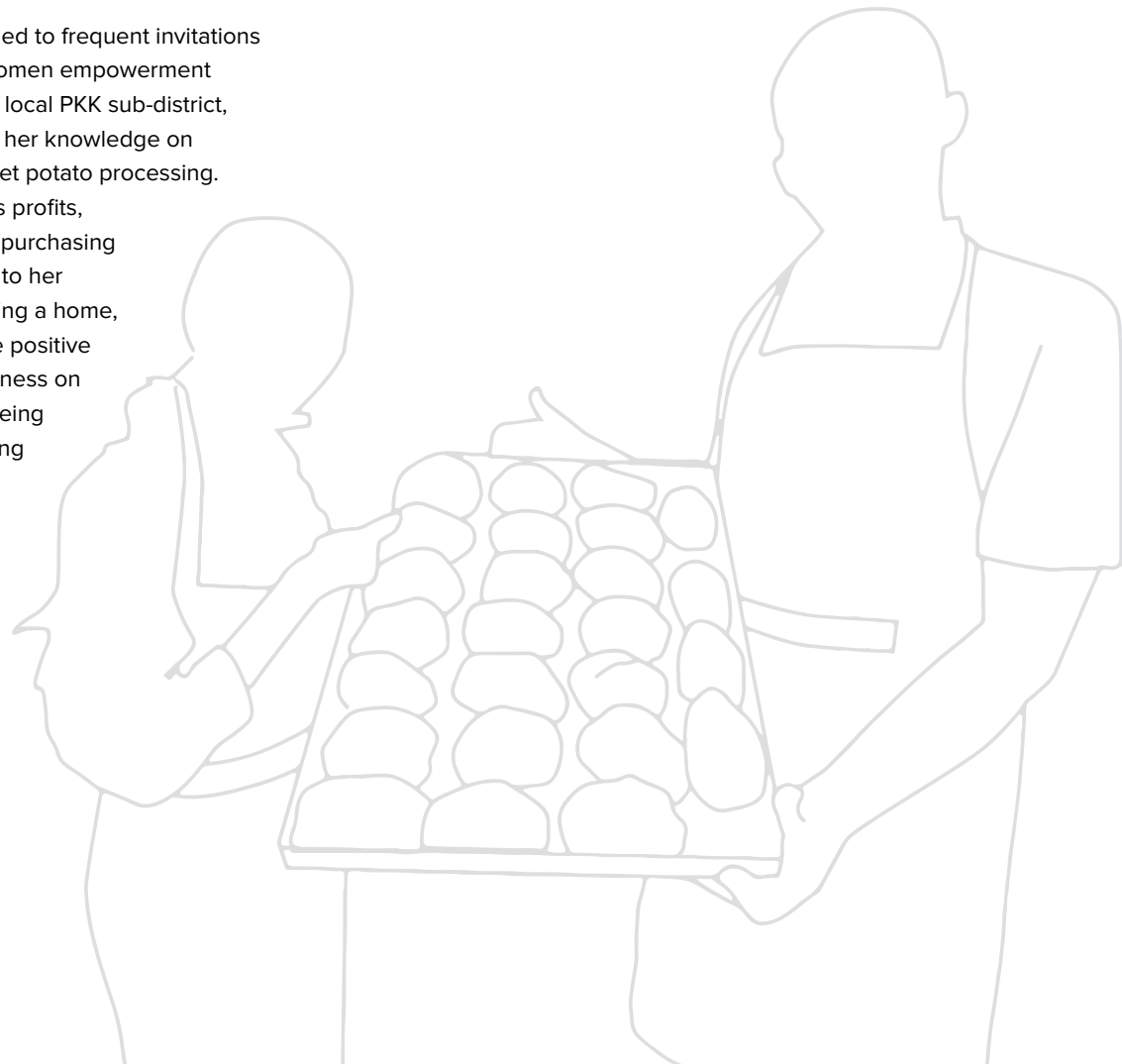
potato pizza pies daily, Trisna was able to employ two workers and increase her monthly revenue from IDR 7 million to IDR 20 million, with net profits ranging from IDR 10 million to IDR 13 million per month.

Her success also led to frequent invitations as a speaker in women empowerment workshops by the local PKK sub-district, where she shares her knowledge on business and sweet potato processing.

From her business profits, Trisna invested in purchasing farmland, tending to her garden, and building a home, demonstrating the positive impact of her business on her family's well-being and the surrounding community.

IDR 10-13 MILLION

Net profits per month.



CLEAN WATER COMMUNITY PROGRAM

Initiated in 2020, this program is a collaboration between Tjiwi Kimia and the NGO "Habitat for Humanity" aimed at supporting access to clean water and sanitation in Singkalan Village, Sidoarjo. The program is managed by the Clean Water and Sanitation Management Group in Singkalan, reporting annually to the village chief. The raw water source is from deep wells sufficient for up to 1,000 customers. Prior to this program, the community relied on privately owned wells with inadequate water quality.

Tjiwi provided assistance in the form of a 9-meter high PAM tower and installation of 1.5 kilometres of pipelines. To ensure sustainability, Tjiwi supported management training for the Clean Water and Sanitation Management Group. With Tjiwi's assistance, the cost of installing water pipelines became more affordable, increasing the number of customers from 36 in 2020 to 136 after subsidizing for 100 customers, in addition to reservoir tanks and pipeline installations. Support from the local government in the following year added 65 customers, resulting in a total of 250 customers by 2023. The clean water program also provides free water to seven small mosques and two larger mosques.

The clean water program has provided significant benefits such as cost savings for the community and attracting assistance from local government agencies. Currently, a similar program is being developed in Kramat Village to continue the government's program that has not been fully implemented, targeting 150 customers across 4 neighbourhood units (RT). Tjiwi is assisting with installations for 1 neighbourhood unit, demonstrating ongoing commitment to supporting clean water provision.

COMMUNITY DRINKING WATER ACCESS SUPPORT

The village of Jadimulya is grappling with poor groundwater quality characterized by high acidity levels, leaving residents reliant on rainwater, boreholes, surface water, and purchased gallon mineral water from Palembang. The need for clean drinking water is urgent, especially during the dry season. In response, the company has constructed 25 units of clean water and drinking water treatment plants (RO) around the village, managed by locally appointed village government officials. The processed water is sold at a lower price than market rates. Previously purchased at IDR 15,000 per gallon, residents can now access it for just IDR 7,000 per gallon.

Additionally, the company provides preliminary training through expert vendors in collaboration with the village government. Demand for treated water ranges from 30 gallons per day and can spike to 200 gallons per day during the dry season. This program generates an average net profit of IDR 2,500,000 per month outside the dry season, helping meet the clean drinking water needs of Jadimulya's residents and enhancing community welfare.

SANITATION FOR PUBLIC HEALTH

In Demak, companies have partnered with the Association of Environmental Health Experts (HAKLI) to implement the Community-Led Total Sanitation (STBM) program since 2020. This initiative supports Indonesia's government mission under SDG 6 - Clean Water and Sanitation by constructing 40 latrines for lower to middle-income communities around mill areas by December 2023. Additionally, the program includes promoting Clean and Healthy Living behaviors (PHBS), enhancing sanitation facilities and public awareness, and fostering a healthier and sustainable future.



COMMUNITY EMPOWERMENT PROGRAM EVALUATION

APP adopts progressive approach to Evaluating CE Programs using Social Return on Investment (SROI). A methodology that underscores our unwavering commitment to ensuring that CE endeavours deliver a significant positive impact on surrounding communities and the environment.

SROI-based evaluations hold immense value as they provide a more holistic understanding of the value generated by such investments. This method empowers companies to meticulously measure and estimate the social, environmental, and economic value created by their CE programs. The significance of SROI assessments further lies in their ability to furnish clearer insights into the

effectiveness of CE programs. A SROI value of less than one indicates that the benefits generated are smaller than the resources invested. This can serve as an indication to revise and/or reassess resources invested to enhance the positive impact of the program. Conversely, a SROI value exceeding one signifies that the benefits accrued outweigh the resources invested, signalling the effectiveness and success of CE programs in achieving beyond set objectives.

The SROI measurement methodology is applied across all social, environmental, and economic impacts of CE programs. The roadmap involves data collection, impact assessment, monetary valuation, and SROI ratio calculation. By employing

this approach, APP can gain a deeper understanding of the value generated by its CE investments, enabling it to make more informed and sustainable decisions for the future.

SROI measurement methods:



Data
collecting



Impact
assessment



Monetary value
evaluation



SROI ratio
calculation



DISCLOSURES

APP has compiled this report in accordance to **GRI** standards to give a clear and concise overview to our stakeholders.

ABOUT THE REPORT

APP's commitment to economic, environmental, and social progress is presented in this annual sustainability report.

This is APP's 18th annual sustainability report, containing sustainability performance information from January 1, 2023 to December 31, 2023. The previous report was published in June 2022. Several restatements from the previous report are included due to changes in calculation methodologies, and changes in the reporting of subsidiary entities due to the addition in three forest management companies.

[GRI 2-3] [GRI 2-4] [OJK C.6]

REPORTING STANDARDS

This report has been prepared in accordance with various relevant standards to provide a comprehensive overview to stakeholders. The standards applied in this report are marked with coloured numbering for easy reference.

[OJK G.4]

- GRI standards, marked in dark grey
- Financial Services Authority Circular Letter No. 16/SEOJK.04/2021 on the Form and Content of Annual Reports of Issuers or Public Companies, marked in grey
- TCFD standards, marked in light grey
- SASB Forestry Management, marked in grey green
- SASB Pulp and Paper, marked in grey blue

This report also serves as a Communication on Progress (COP) for the United Nations Global Compact (UNGC), reporting our contributions to the Sustainable Development Goals (SDGs) and the UN Global Compact's CEO Water Mandate. We adhere to the recommended guidelines and relevant indicators to ensure that APP reports its economic, social, and environmental impacts, as well as climate risk mitigation activities.

The Company's Sustainability Report highlights its sustainability performance in accordance with the Sustainability Roadmap: Vision 2030 covering three pillars. These pillars reflect APP's commitment in accordance with the operational aspects of its legal entities: PT. Indah Kiat Pulp & Paper Tbk., PT. Pabrik Kertas Tjiwi Kimia Tbk., PT. Pindo Deli Pulp and Paper Mills, PT. Lontar Papyrus Pulp & Paper Industry, PT. OKI Pulp & Paper Mills, PT. The Univenus, PT. Ekamas Fortuna, PT APP Purinusa Ekapersada, PT. Arara Abadi, PT. Riau Abadi Lestari, PT. Finnantara Intiga, PT. Satria Perkasa Agung, PT. Sumalindo Hutani Jaya, and PT. Wirakarya Sakti.

ASSURANCE

For this report, APP has engaged the services of an independent assurance provider, Bureau Veritas Indonesia, selected based on its expertise and other requirements set by the Board of Directors. This assurance provider has no other employment relationship with APP other than this assurance service. The assurance report, which adheres to the international AA1000 (AS) standard, is presented on page 228. [GRI 2-5] [OJK G.1]

We invite all readers to provide feedback for the progress and improvement of the subsequent report by filling out the feedback form available at the end of the report or contacting APP through: [GRI 2-3] [OJK G.2]

PT APP Purinusa Ekapersada (APP Indonesia)



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STAKEHOLDERS

We hear our stakeholders loud and clear.

In its pursuit of sustainability, APP is committed to fostering harmonious relationships with its stakeholders, while valuing their valuable input in the strategic decision making of our organisation and identifying the disclosure perimeters of our sustainability report.



STAKEHOLDER ADVISORY FORUM (SAF)

APP established the Stakeholder Advisory Forum (SAF) as a platform for constructive dialogue with stakeholders, to obtain up-to-date input and discuss the implementation of SRV 2030. This is a proactive step by the company to ensure active engagement and transparency in the planning and implementation processes of sustainability initiatives.

On July 25, 2023, APP held its 12th SAF, themed “Resilience through Adversity.” This event was attended by 200 people from various stakeholders, including customers, NGOs, local communities, and other key partners. The SAF provided an opportunity for face-to-face interaction, encouraged closer engagement, and facilitated

meaningful dialogue with external stakeholders. Presentation materials and meeting minutes can be viewed in the SAF section of our website. Additionally, feedback generated by each SAF is archived in our Sustainability Dashboard

Additionally, feedback generated by each SAF is archived in our Sustainability Dashboard

www.sustainability-dashboard.com



200 PARTICIPANTS

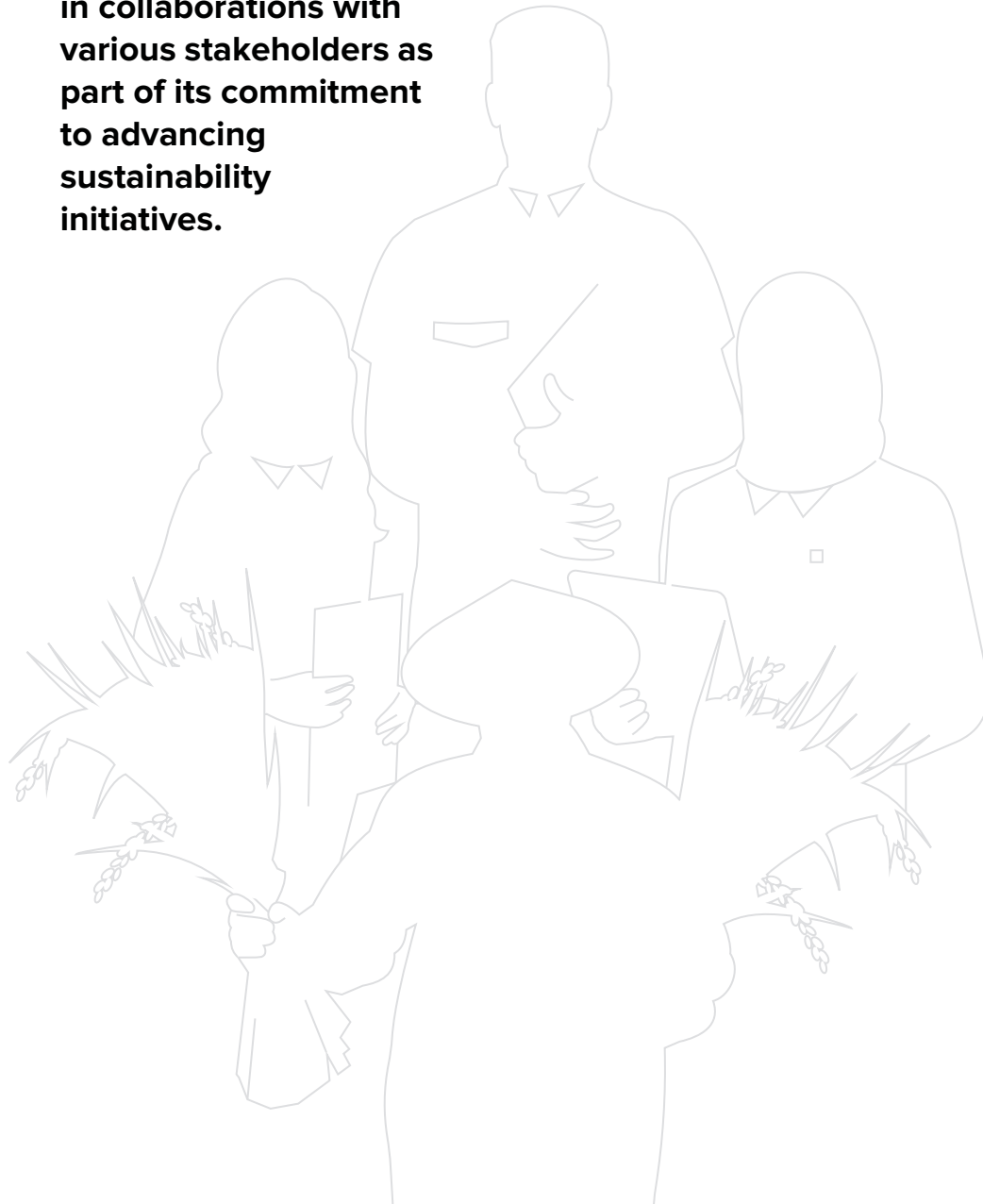
attended Stakeholder
Advisory Forum

LIST OF STAKEHOLDERS

Stakeholder	Basis of Identification	Topics	Engagement Method	Frequency
Government	<ul style="list-style-type: none"> • Dependency • Influence • Responsibility • Geographical Proximity 	<ul style="list-style-type: none"> • Pulpwood Supplier Management • Compliance • Environmental Performance • Economic Impacts 	<ul style="list-style-type: none"> • Direct Engagement with APP's Corporate Affairs and Communication Team • Stakeholder Advisory Forum (SAF) 	<ul style="list-style-type: none"> • As necessary • Bilateral/multilateral meetings
Shareholders and Investors	<ul style="list-style-type: none"> • Dependency • Influence • Responsibility 	<ul style="list-style-type: none"> • NDPE dan social standard • Product carbon intensity • Product traceability or chain of custody 	<ul style="list-style-type: none"> • Direct Engagement by Finance Team and Tax Team • Sustainability Monitoring Dashboard • Social Media • Stakeholder Advisory Forum (SAF) 	Day-to-day, case by case as required
Customers	<ul style="list-style-type: none"> • Dependency • Influence • Responsibility 	<ul style="list-style-type: none"> • No Deforestation, No Peat, No Exploitation (NDPE), and social standards • Product carbon intensity • Product traceability or chain of custody • Product quality 	<ul style="list-style-type: none"> • Direct engagement by the Global Sales Team and Stakeholder Engagement Team • Sustainability Monitoring Dashboard • Social Media • Stakeholder Advisory Forum (SAF) 	Day-to-day, case by case as required
Employees	<ul style="list-style-type: none"> • Dependency • Influence • Responsibility • Concern • Geographical Proximity 	<ul style="list-style-type: none"> • Occupational Health and Safety • Diversity and Equality • Business Ethics 	<ul style="list-style-type: none"> • Various Internal Communication Channels • Skills training and certification • Equal opportunities policies and career consideration based on employee performance appraisals 	Day-to-day, case by case as required
Communities	<ul style="list-style-type: none"> • Dependency • Influence • Responsibility • Geographical Proximity 	<ul style="list-style-type: none"> • Pulpwood Supplier Management • Compliance • Environmental Performance • Economic Impacts 	<ul style="list-style-type: none"> • Stakeholder Advisory Forum (SAF) • Bilateral/multilateral meetings 	As necessary
Suppliers	<ul style="list-style-type: none"> • Dependency • Influence • Responsibility 	<ul style="list-style-type: none"> • Forestry Management Practices • Third-Party Certifications • Supplier Assessments 	<ul style="list-style-type: none"> • Direct Engagement with Forestry Division and Chain of Custody Certification Team for Forestry Products • Direct Engagement by APP's procurement function for non – forestry products and services 	As necessary
Contractors	<ul style="list-style-type: none"> • Dependency • Influence • Responsibility 	<ul style="list-style-type: none"> • Health and Safety • Business Ethics 	<ul style="list-style-type: none"> • Direct engagement via mill procurements teams through meetings • Regular meetings to discuss safety 	Day-to-day, as required

Stakeholder	Basis of Identification	Topics	Engagement Method	Frequency
NGO's	<ul style="list-style-type: none">• Influence• Responsibility	<ul style="list-style-type: none">• NDPE Commitments• Human Right• Land Dispute Management	<ul style="list-style-type: none">• Regional social working groups• SRV update meetings and events• Conflict resolution efforts• Sustainability dashboard• Stakeholder Advisory Forum (SAF)	As necessary
Media	<ul style="list-style-type: none">• Dependency• Influence• Responsibility	<ul style="list-style-type: none">• Sustainability Progress Updates• Mill CE Programs• Product• Field Visit	<ul style="list-style-type: none">• Direct engagement• Media briefings• Press release• Sustainability update events• Mill visit	As necessary
Academic Institutions	<ul style="list-style-type: none">• Knowledge Advancement	<ul style="list-style-type: none">• Joint Research and Studies• CE Programs	Direct outreach from our sustainability division, Joint research, and Study Team, and local CE teams based at our mills and forestry suppliers	As necessary
Industry Associations	<ul style="list-style-type: none">• Dependency• Influence• Responsibility	<ul style="list-style-type: none">• Environmental Performance• Industry Compliance• CE Programs	Engagement through associations such as the Indonesian Pulp and Paper Association (APKI), and the Indonesian Forest Concessionaires (APHI)	As necessary

APP actively engages in collaborations with various stakeholders as part of its commitment to advancing sustainability initiatives.



Through these collaborations, the company aims to create a positive and sustainable impact on the environment and society. The collaborations undertaken during the reporting year include:

1. Collaboration with the Carbon Reduction Institute to prepare a pilot project for carbon-neutral photocopy paper products from Indah Kiat for the global market.
2. Collaboration with the Center for International Forestry Research (CIFOR) through facilitating free online training on green finance for sustainable landscapes for APP's fostered MSMEs.
3. Collaboration with Social Investment Indonesia to conduct Social Impact Study at APP's mills.
4. Collaboration with Doktor Sjahrir Foundation and the Indonesia Womenpreneur Community in a business incubation course for 40 Micro, Small, and Medium Enterprises (MSMEs) in the mill and forestry program.
5. Collaboration with Gita Buana for the Empowerment Program for Indigenous People (SAD) in Sungai Paudi village, Jambi Province.
6. Collaboration with the Foundation for International Human Rights Reporting Standards (FIHRRST) to conduct a Human Rights Due Diligence Assessment at the OKI mill and one of its suppliers (PT Bumi Andalas Permai - BAP).
7. Collaboration with Eco Nusantara for conflict resolution and accelerating multi-stakeholder conflict resolution.

STAKEHOLDER ENGAGEMENT IN DETERMINING MATERIAL TOPICS

The process of determining material topics for this report has been discussed in the "Strategy" chapter. We greatly appreciate the input and opinions of all stakeholders.

Stakeholders have an interest in the company's activities and valuable insights into the most significant issues to them and the wider community. Their perspectives are crucial in shaping the materiality assessment, ensuring that the sustainability report addresses topics relevant to those impacted by the company's operations.

Through various engagement channels, such as surveys, workshops, and interviews, the company gathered input from internal and external stakeholders to identify the most significant ESG issues. This input is then analysed along with internal data and industry benchmarks to determine the material topics to be disclosed in the sustainability report.

The following are the material topics and their impacts:

Topic	Impact	Disclosure Number
Economic Performance and Impact	Has an impact on shareholders and other stakeholders	201-1, 201-2, 201-3, 201-4
Market Presence	Has an impact on shareholders and stakeholders	202-1, 202-2
Indirect Economic Impact	Has an impact on the wider community, particularly those served through APP's CE programs.	203-1, 203-2
Procurement Practices	Has an impact on the local economy.	204-1
Anti-Corruption	Has an impact on the trust of shareholders, the community, and other stakeholders.	205-1, 205-2, 205-3
Tax	Has an impact on public trust and welfare, as well as compliance with the government.	207-1, 207-2, 207-3, 207-4
Materials	Has an impact on sustainability, environmental conservation, and cost savings for APP	301-1, 301-2, 301-3
Energy	Has an impact on sustainability, environmental conservation, and cost savings for APP	302-1, 302-3, 302-3, 302-4, 302-5.
Water and Effluents	Has an impact on sustainability and environmental conservation.	303-1, 303-2, 303-3, 303-4, 303-5,
Biodiversity	Has an impact on sustainability and the conservation of various species.	304-1, 304-2, 304-3, 304-4
Emissions	Has an impact on sustainability, particularly in terms of global warming.	305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7
Waste	Has an impact on sustainability and environmental conservation	306-1, 306-2, 306-3, 306-4, 306-5

Topic	Impact	Disclosure Number
Supplier Environmental Assessment	Has an impact on sustainability and environmental conservation	308-1, 308-2
Employment	Has an impact on employee comfort and performance	401-1, 401-2, 401-3
Labor/Management Relations	Has an impact on employee comfort and performance	402-1
Occupational Health and Safety	Has an impact on employee comfort and performance	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
Training and Education	Has an impact on employee morale and performance	404-1, 404-2, 404-3,
Diversity and Equal Opportunity	Has an impact on employee comfort and performance	405-1, 405-2
Non-discrimination	Has an impact on employee comfort and performance	406-1
Child Labor	Has an impact on work comfort, public trust, and community welfare.	408-1
Forced or Compulsory Labor	Has an impact on work comfort, public trust, and community welfare	409-1
Security Practices	Has an impact on consumer trust.	410-1
Local Communities	Has an impact on the welfare of the community as a stakeholder	413-1, 413-2
Public Policy	Has an impact on sustainability	415-1
Marketing and Labeling	Has an impact on consumer trust.	417-1, 417-2, 417-3
Product Responsibility	Has an impact on consumer trust	417-1, 417-2, 417-3

IMPACT OF THE COMPANY'S PRESENCE

APP recognizes that its success is inextricably linked to the natural resources derived from forests.

Therefore, we are committed to minimizing the environmental impact of our operations and fostering sustainable partnerships. This commitment is realized through the implementation of responsible forestry practices, the purchase of pulp from certified suppliers, and the implementation of the Supplier Evaluation and Risk Assessment (SERA) to ensure compliance with the Forest Conservation Policy (FCP) and Sustainability Commitment.

Going beyond mere resource extraction, APP aims to make a positive impact on the communities surrounding its operational areas. Through Community Empowerment (CE) programs designed in collaboration with local communities, we strive to enhance livelihoods, environmental awareness, access to education and healthcare, and greenhouse gas (GHG) emissions reduction.

APP's success in achieving its sustainability goals cannot be achieved alone. We are committed to collaborating with a wide range of stakeholders, including communities, governments, non-governmental organizations (NGOs), customers, and investors. Openness and transparency are key to building strong and mutually beneficial relationships.

Sustainability is not just a responsibility, but also an opportunity to build a better future. With commitment and collaboration, APP is optimistic that it can effectively manage risks by minimizing negative impacts on the environment and communities while maximizing positive impacts. We believe that together, we can achieve a more sustainable future for all.



COMPANY PROFILE

As a pulp and paper company with a global footprint, we are committed to sustainable and responsible innovation. We prioritize collaboration to ensure a better future for our customers, communities, employees, shareholders, and you.



COMPANY PROFILE

PT APP Purinusa Ekapersada (APP Indonesia, APP) is a pulp and paper producer headquartered in Indonesia.

With over 30,000 employees and an annual conversion capacity of over 20 million tons. Through branch and sales offices in several countries, APP markets its products to over 150 countries spanning six continents.

VISION AND VALUES

As a global pulp and paper company, we are committed to sustainable and responsible innovation. We prioritize collaboration to ensure a better future for our customers, communities, employees, shareholders, and you.

WE VALUE:

- Our employees, who are an integral part of APP's success.
- The environment, as we are a sustainable business.
- Our customers and suppliers who sustain our business.
- Our shareholders and the global community to whom we are accountable.
- The principles of good governance as we continue to build a sustainable business.



PT APP Purinusa
Ekapersada
[GRI 2-1]



Sinar Mas Land Plaza, Tower II [GRI 2-1] [OJK C.2]
Jl. M.H. Thamrin No. 51, RT.9/RW.4,
Gondangdia, Kec. Menteng, Kota Jakarta Pusat,
Daerah Khusus Ibukota Jakarta 10350, Indonesia



sustainability@app.co.id

Subsidiaries included in this Sustainability Report.
Subsidiaries that are public companies or offer financial instruments such as bonds and *sukuk* to the public have published separate financial reports through the respective companies' Annual Reports. [GRI 2-2]

Legal Entity	PT APP Purinusa Ekapersada	PT Indah Kiat Pulp & Paper Tbk	PT Pindo Deli Pulp and Paper Mills	PT Pabrik Kertas Tjiwi Kimia Tbk	PT Ekamas Fortuna	PT Lontar Papyrus Pulp and Paper Industry
Mill (known as)	Purinusa Ekapersada Semarang, Purinusa Ekapersada Demak, Purinusa Ekapersada Bandung, Purinusa Ekapersada Subang	Indah Kiat Perawang, Indah Kiat Tangerang, Indah Kiat Serang	Pindo Deli Karawang (mill 1, 2, 3), Pindo Deli Perawang	Tjiwi Kimia	Ekamas Fortuna	Lontar Papyrus
Legal Entity	PT OKI Pulp & Paper Mills	PT The Univenus				
Mill (known as)	OKI	Univenus Perawang				
Legal Entity	PT Arara Abadi	PT Riau Abadi Lestari	PT Satria Perkasa Agung	PT Wirakarya Sakti	PT Finnatara Intiga	PT Sumalindo Hutani Jaya I & II
Forestry Management (known as)	Arara Abadi / AA	Riau Abadi Lestari / RAL	Satria Perkasa Agung / SPA	Wirakarya Sakti / WKS	Finnatara / FI	SHJ 1, SHJ II

PRODUCTS



Pulp



Paper



Tissue



Packaging



Stationery



Surgical masks

MARKET SERVED

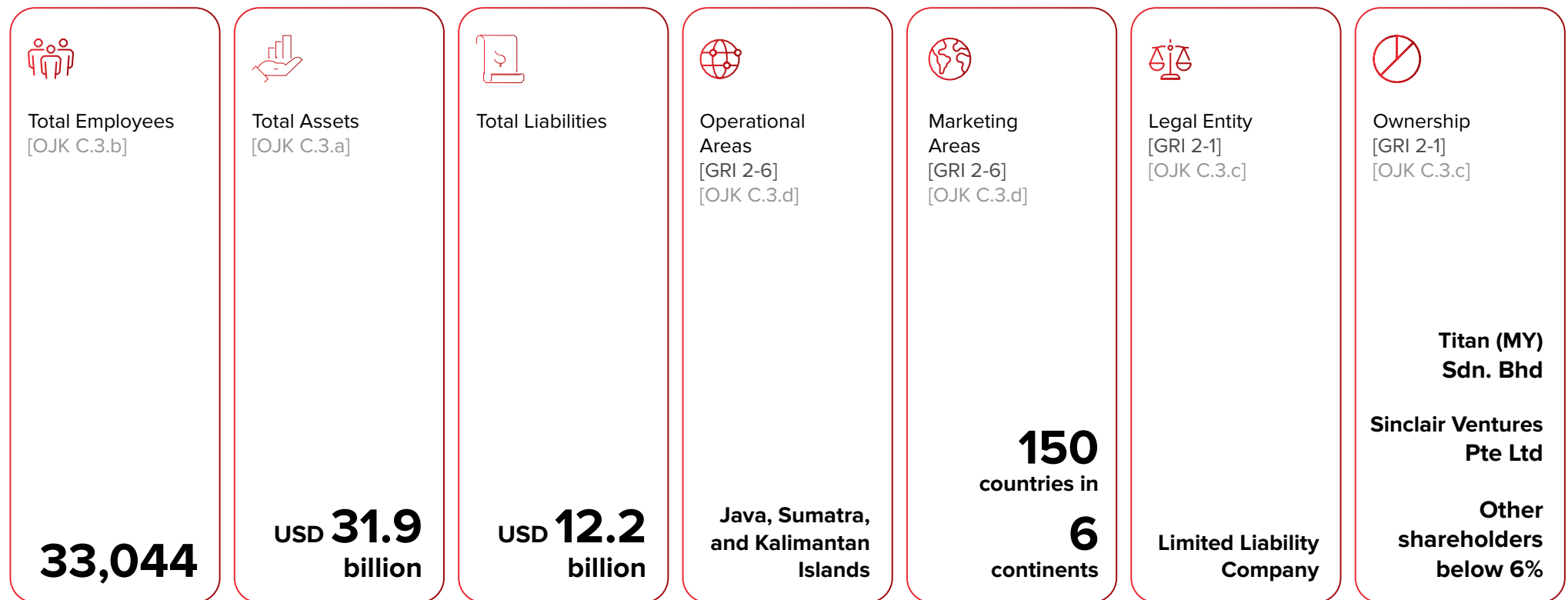
Publishing industry, packaging industry, sanitation and hygiene products, industrial applications, food and beverage industry, retail and consumer goods, education sector, and office supplies.



SUPPLY CHAIN

APP's supply chain encompasses a series of stages, from raw pulpwood materials to finished products. This includes raw material suppliers (wood pulp and recycled fiber), production material suppliers, labour contractors, distribution process, and recycling process.

COMPANY SCALE



In the reporting year, there were no significant changes to the company's activities, supply chain, or corporate structure. [OJK C.6] [GRI 2-6]

[GRI 2-6] [OJK C.3]

COMPANY HISTORY



1972

APP was started its business in 1972 through a caustic soda (Sodium Hydroxide) plant named PT Tjiwi Kimia, which later become PT Pabrik Kertas Tjiwi Kimia Tbk. in Mojokerto Surabaya.

1975

Established PT Pindo Deli Pulp & Paper Mill in Karawang, West Java.

1976

Established PT Indah Kiat Pulp & Paper - Tangerang Mill.

1982

Established PT Ekamas Fortuna in Malang, East Java.

1990

PT Pabrik Kertas Tjiwi Kimia conducted its initial public offering.

1991

PT Indah Kiat Pulp & Paper - Serang Mill was established.

1994

PT Lontar Papyrus Pulp & Paper commenced commercial operations.

2004

PT The Univenus commenced commercial operations.

2012

Launch of SRV 2020, followed by launch of SRV 2030 in 2020.

2013

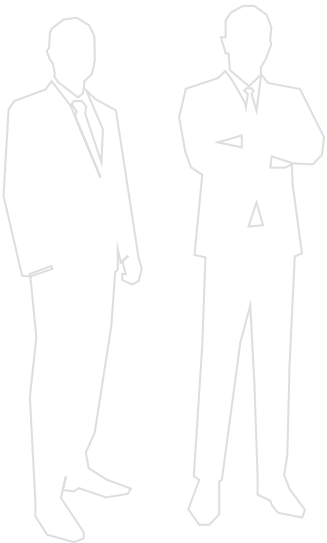
Forest Conservation Policy was launched.

2017

PT OKI Pulp & Paper Mills, located in South Sumatra, commenced its business operations.

ASSOCIATION MEMBERSHIP

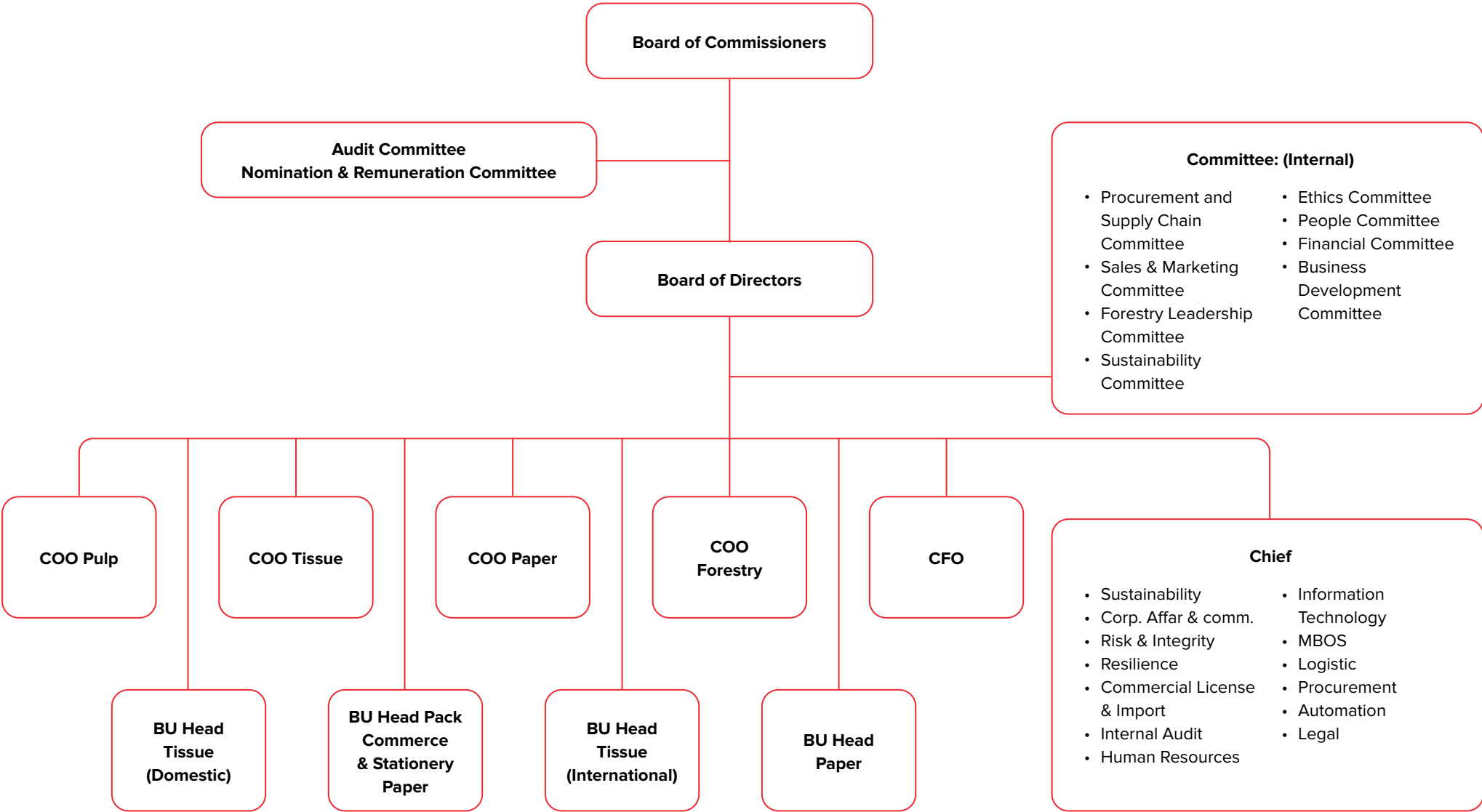
APP is part of various industry organizations as a form of strategic collaboration to promote sustainable policies, practices, and goals. This membership serves not only as a means to stay up-to-date with the latest information but also to share experiences with other stakeholders.



Association Name	Role	Level
Indonesia Pulp & Paper Association (APKI)	Deputy Chairman	National
Indonesian Forest Concessionaires (APHI)	Board Member	National
Indonesian Association for Clinical Chemistry (AKIDA)	Member	National
Indonesian Public Listed Companies Association (AEI)	Member	National
Peat Society of Indonesia (HGI)	Member	National
Indonesian Employers Association (APINDO)	Member	National
Indonesia Chamber of Commerce (KADIN Indonesia)	Committee Chairman	National

Initiative	Role	Level
UN Global Compact Network	Signatory member	International
Indonesia Global Compact Network (IGCN)	Board of Founders	National
UNGC CEO Water Mandate Indonesia Water Mandate Working Group	Steering Board	National
Indonesia Business Council for Sustainable Development (IBCSD)	Executive Committee	National
Consumer Goods Forum (CGF)	Member	International
• Forest Positive Coalition • Human Rights Coalition • Sustainable Supply Chain Initiatives		

GOVERNANCE COMPOSITION AND STRUCTURE



GENERAL MEETING OF SHAREHOLDERS (GMS)

The General Meeting of Shareholders (GMS) is a crucial forum in corporations where shareholders convene to discuss various strategic decisions for the company. The GMS holds the highest authority, that is not granted to the Board of Commissioners and the Board of Directors. Decisions made at the GMS include ratifying financial statements, establishing company policies, electing and dismissing members of the Board of Directors, and determining remuneration for management. The primary role of the GMS is to provide a platform for shareholders to participate in decision-making that affects the company's direction and health. Additionally, the GMS plays a role in ensuring management's accountability and transparency to shareholders.

BOARD OF COMMISSIONERS

The Board of Commissioners is a supervisory body within a company tasked with ensuring that the company's management is run effectively and in the best interests of shareholders. The Board of Commissioners has the authority to provide strategic direction to management, oversee company policies, and evaluate executive performance. The primary roles of the Board of Commissioners include the selection and evaluation of Board of Directors members, overseeing the company's compliance with regulations and ethical standards, and making decisions on crucial matters such as corporate restructuring or mergers and acquisitions.

APP implements the principle of independence in the structure of its Board of Commissioners, ensuring that Board of Commissioners members do not have direct interests in the company's operations. Within the Board of Commissioners, several committees are responsible for specific

functions, such as the Audit Committee, the Nomination and Remuneration Committee, and the Compliance Committee. The committees assist the Board of Commissioners in carrying out its duties more efficiently and thoroughly. The Audit Committee is responsible for overseeing the company's compliance with accounting regulations and procedures, while the Nomination and Remuneration Committee is responsible for the selection, evaluation, and compensation process of Board of Directors members. Meanwhile, the Compliance Committee is responsible for ensuring that the company complies with applicable regulations and ethical standards. Thus, through an independent Board of Commissioners structure and effective committees, APP can maintain the quality of supervision and sound decision-making in conducting its business operations.

BOARD OF DIRECTORS

The Board of Directors of APP is responsible for making strategic decisions and overseeing management. The Board of Directors has the authority to set the company's long-term goals, monitor management performance, and make critical decisions that affect the company's direction and growth. The Board of Directors' role includes selecting and overseeing executive management, assessing risk, and financial and investment policies. They are also responsible for ensuring that the company operates in compliance with applicable regulations and standards.

APP applies the principle of independence in the Board of Directors structure by not having Board of Directors members who are also members of the Board of Commissioners. This is carried out to prevent conflicts of interest and ensure that Board of Directors' decisions are made objectively in the overall and best interests of the company. By separating the roles of the Board of Directors and the Board of Commissioners, APP reaffirms

its commitment to good governance practices and transparency in decision-making, thereby providing confidence to shareholders and other stakeholders. [GRI 2-11]

In the context of sustainability, the Board of Commissioners and the Board of Directors play a crucial role in approving the company's strategies and policies related to the implementation of sustainability within the Company, as well as social and environmental responsibilities. The Board of Commissioners and the Board of Directors also oversee the company's impact on economic, environmental, and social aspects. Through the GMS, shareholders can provide input and feedback on the company's endeavours to promote sustainability. [GRI 2-12] [GRI 2-13]



The terms of office, duties, and responsibilities of the Board of Commissioners can be found here



NOMINATION AND SELECTION PROCESS

The selection process for the Board of Commissioners and the Board of Directors is carried out by the Nomination and Remuneration Committee (NRC), beginning with identifying the need for members of the Board of Commissioners and the Board of Directors that align with the company's requirements. The NRC also establishes criteria for candidates for the Board of Commissioners and the Board of Directors. The committee then reviews potential candidates who meet the established criteria, including expertise, experience, and independence.

After the candidates are selected, the Nomination and Remuneration Committee evaluates their qualifications and ability to fulfil the expected duties and responsibilities of a member of the Board of Commissioners and the Board of Directors. This process often involves interviews, assessments of track records, and reference checks. The committee also develops capacity-building programs for members of the Board of Commissioners and the Board of Directors.

Subsequently, the committee makes recommendations regarding the appointment of members of the Board of Commissioners to the General Meeting of Shareholders (GMS) for final approval. This process ensures that the appointment of members of the Board of Commissioners and the Board of Directors is based on careful consideration and takes into account the company's best interests.

[GRI 2-10] [GRI 2-17] [OJK E.2]

GOVERNANCE BODY TRAINING

Equipping business leaders with comprehensive training is crucial to ensure they possess a comprehensive understanding of critical issues surrounding corporate governance, including sustainability aspects. This training empowers them to effectively grasp their roles and responsibilities, while also cultivating the competencies required to make informed and sustainable decisions. By gaining a deeper understanding of relevant environmental, social, and governance (ESG) issues, the Boards of Commissioners and the Board of Directors can more effectively contribute to the formulation of strategies, policies, and practices that foster sustainable corporate growth.

Within the organizational structure, APP personnel are divided into two levels: management and non-management. The management level is responsible for governance functions within the organization. The following are the training programs attended by APP management employees:

- Managerial training: leadership development programs, training on becoming an influential leader, how to train and develop new leaders, communication training.
- Compliance training: ISO 9001, ISO 14001, ISO 45001, social audits, health and safety.
- Governance training: Business Code of Conduct, human rights.



**Compliance training:
Audit Social, Health & Safety**



GOVERNANCE BODY EVALUATION

APP evaluates the performance of the Board of Commissioners and the Board of Directors using a balanced scorecard that emphasizes four key areas: finance, customers, processes, and organization. This performance evaluation is designed to assess both individual performance and the overall performance of the Board of Commissioners and the Board of Directors. Evaluations are conducted annually, and individual target weights are adjusted based on the roles and responsibilities of each member.

In addition, for managerial positions and above, APP implements a 360-degree feedback assessment. Individual performance is evaluated anonymously by superiors, peers, and subordinates. This approach helps ensure that evaluations are conducted holistically, fairly and provides comprehensive feedback to assist in the development and improvement of the Board of Commissioners and the Board of Directors.

[GRI 2-18]

GOVERNANCE BODY REMUNERATION

Remuneration for the Board of Commissioners and the Board of Directors includes components such as salaries, honoraria, incentives, and/or allowances, both fixed and variable. The determination of the structure, policies, and amount of remuneration considers various factors, including industry standards relevant to the Company's business activities and scale, as well as the duties and responsibilities of board members. Additionally, other factors such as performance targets or achievements are carefully considered to ensure that remuneration is aligned with individual contributions and demonstrated performance. In addition to considering individual performance, the determination of remuneration also considers the balance between fixed and variable benefits, considering various risk factors and the company's financial stability. This holistic approach aims to ensure that the remuneration provided to the Board of Commissioners and the Board of Directors is aligned with their contributions to the company and simultaneously fosters the achievement of the company's overall goals. [GRI 2-19]

The steps in this process include identifying the company's needs, reviewing relevant industry practices and regulations, evaluating individual performance, and consulting with relevant parties such as senior management and external auditors. The determination of remuneration also considers various factors such as job responsibilities, risk levels, performance achievements, and the balance between fixed and variable components. The determined remuneration packages are then presented to the Board of Directors or the General Meeting of Shareholders (GMS) for final approval before implementation. This process ensures that the remuneration packages are aligned with good corporate governance principles and support the achievement of the company's goals. [GRI 2-20]

APP does not disclose total annual compensation for confidentiality reasons. [GRI 2-21]

COMPANY SUSTAINABILITY VALUE

APP's unwavering commitment to climate action and sustainability is embodied in its Sustainability Roadmap Vision (SRV) 2030. SRV 2030 is APP's strategy with clear sustainability goals anchored in three core pillars: product, forest, and people. These sustainability values are elaborated as follows:



PRODUCT

APP is committed to producing eco-friendly products while considering their entire life cycle. We strive to reduce the environmental impact of our production process, from raw material selection to the use of eco-friendly energy and the disposal of end products. Sustainable innovation is at the core of our product development, with a focus on resource efficiency, recycling processes, and biodegradable products.



FOREST

APP is committed to managing forests responsibly, ensuring that our forest management complies with international sustainability standards. Conservation and rehabilitation of natural habitats, deforestation control, and sustainable logging operations are an integral part of our environmental protection strategy. Specifically, APP develops conservation programs for protected species, both flora and fauna.



PEOPLE

APP is committed to creating a fair, inclusive, and sustainable work environment. We support career development and employee wellbeing, as well as invest in training and development to ensure our team is always ready to face future challenges. In addition, APP demonstrates its concern for the community through various CSR programs that address community needs and improve their welfare.



APP regularly monitors and reports on the progress of SRV 2030 through sustainability reports and other platforms. This is to ensure transparency and accountability to stakeholders.



LEADERSHIP COMMITMENT

Achieving sustainability goals is impossible without the commitment and support of company leadership. The most crucial aspect of this support is appointing a sustainability officer. APP has a dedicated team led by a Chief Sustainability Officer (CSO) responsible for implementing sustainability strategies. [OJK E.1]

Beyond internal operations, APP's leadership actively participates in global sustainability initiatives. Various global initiatives and frameworks have been designed to address climate change. FOLU (Forestry and Other Land Use) Net Sink 2030 is one such concept that highlights the crucial role of the land and forestry sector in greenhouse gas emissions mitigation. FOLU encompasses land and forest management to enhance carbon sequestration and reduce emissions, a critical step in mitigating climate change impacts. This target aims to achieve a condition where the sector becomes a net sink of greenhouse gas (GHG) emissions by 2030. As one of Indonesia's largest forestry companies, APP plays a significant role in contributing to this target. Therefore, APP implements sustainable forest management, technological innovations,

and conducts education to raise public awareness.

In addition, APP also supports COP 28 (28th Conference of the Parties), an annual conference held by United Nations Framework Convention on Climate Change (UNFCCC) member countries held in Dubai in November 2023. APP's commitment to sustainability is evident in the attendance of its Chief Sustainability Officer at COP 28. In addition, APP is also actively involved in various international forums related to climate change, such as the UNFCCC and the World Economic Forum. APP also collaborates with various non-governmental organizations and academics to develop innovative solutions to address climate change, manifested in the Sustainability Roadmap Vision 2030.

PERFORMANCE, ACHIEVEMENTS, AND CHALLENGES

The year 2023 was a year full of both challenges and opportunities. During the reporting period, APP recorded various achievements and performances.



From an economic perspective, APP remains one of the largest pulp and paper companies in Indonesia, contributing significantly to the national economy with net sales of USD 8,534 million in 2023. Additionally, APP contributed US\$ 289.87 million in taxes revenue. Moreover, the group created employment opportunities for 33,044 people.



From an environmental perspective, APP continues to promote environmental protection by employing cutting-edge technologies, such as the Forest Alert System, which utilizes RADARSAT-2 satellite technology. This system can monitor through clouds and smoke, even enabling the detection of a single felled tree. In recognition of its environmental conservation efforts, APP received the Award for Best Partner of MoEF in 2023 and the Proklam Award from the Ministry of Environment and Forestry. APP's



subsidiaries, Indah Kiat Perawang and Tjiwi Kimia, received the Indonesia Green and Sustainable Companies Awards (IGSCA) 2023 from SWA. Further details on other awards can be found in this report on page 53 - 55.

From a social perspective, APP also received various awards, including: the 2023 Occupational Safety and Health Award from the Banten Provincial Government, and the 2023 Banten Provincial Occupational Safety and Health Advisory Committee Award from the Governor of Banten. These awards reflect APP's achievements and concern for the health, safety, and welfare of its employees. APP's contributions to the community were also recognized with the 2023 Top CSR Award.

However, the implementation of sustainability initiatives is not without challenges. One of the biggest challenges faced by APP is the still relatively low market demand for eco-friendly products. Products that meet sustainability standards tend to have higher production costs, which in turn makes the selling price of these products more expensive compared to conventional products. To address this, APP is continuously working to raise awareness about the positive environmental impacts by using environmentally friendly products and encouraging consumers to pay more, to using third-party certified (i.e., FSC and PEFC) products.

Another challenge is that sustainability regulations and policies, both at the national and international levels, are still evolving and not yet finalized. This poses a challenge for companies like APP to adapt their operations to frequently changing regulations. In response, APP actively participates in dialogue and consultation with governments and international institutions to help shape clearer and more supportive sustainability policies.

The company is also developing flexible and adaptable operational systems to regulatory changes.

Gaining the commitment of all stakeholders, including employees, suppliers, and business partners, to support sustainability initiatives can also be challenging. Not all parties may have the same understanding or interests in sustainability. To address this, APP engages in communication and dialogue with stakeholders, in addition to providing education and training on sustainability.

Despite facing these various challenges, APP remains committed to implementing sustainable practices across its operations. With a holistic and adaptive approach, APP continues to strive to ensure that all aspects of its production are aligned with sustainability principles for the long-term benefit of the environment and the company.

COMPANY IMPACT AND RISK MANAGEMENT

We recognize that APP's operations involve natural resources derived from forests. For this reason, APP strives to minimize these impacts. In addition to sustainable forest management, APP also emphasizes a policy of purchasing pulp from suppliers with sustainable forest management certificates. In making purchases, APP implements a Supplier Evaluation and Risk Assessment (SERA) to screen and ensure that our suppliers adhere to our Forest Conservation Policy (FCP) and SERA.

In relation to communities, APP strives to expand its positive impact through CE programs designed in collaboration with local communities. Communities can express their aspirations and complaints through available grievance reporting mechanisms. APP also evaluates its key CE program, the DMPA program, using Social Return on Investment (SROI). The evaluation results indicate that the DMPA program has helped to increase the income of communities within APP's operational areas, in addition to raising community awareness of the importance of environmental conservation. The DMPA program has also helped to improve

community access to education and health. Another very encouraging result is that the DMPA program has helped to reduce GHG emissions through activities such as tree planting and forest fire prevention.

In the face of the complexities of sustainability challenges, APP has committed to implementing comprehensive risk management that encompasses critical aspects that can affect the company's sustainability and reputation. With a comprehensive risk management approach, APP strives to minimize negative impacts and maximize positive impacts from its sustainability initiatives. In this way, APP can reaffirm its commitment to achieving sustainability goals while ensuring the long-term sustainability of its business.

EXTERNAL SITUATION AND SUSTAINABILITY IMPLEMENTATION

The implementation of sustainability initiatives faces several challenges, including the low public awareness of sustainable products. This has resulted in limited demand for biodegradable products, as consumers are not yet willing to pay more for sustainable products. Additionally, regulatory frameworks are still evolving, and methodologies are not yet standardized, even at the international level. Despite these challenges, APP has incorporated these factors into its sustainability risk management framework, ensuring that no significant risks impact its operations.

On the other hand, the adoption of sustainability practices in APP has opened up various global business opportunities. Growing global public awareness of environmental issues has driven demand for eco-friendly products. APP's commitment to sustainability, including the use of recycled fibers and renewable energy, has enhanced the competitiveness of its products in the global market.

Moreover, this commitment has paved the way for collaborations with international organizations such as the World Economic

Forum and the United Nations Global Compact. These partnerships can facilitate APP's access to global markets and the latest technologies and knowledge. The year 2024 presents new opportunities for APP as it continues its sustainability journey towards its SRV 2030 vision and net-zero target by 2050.

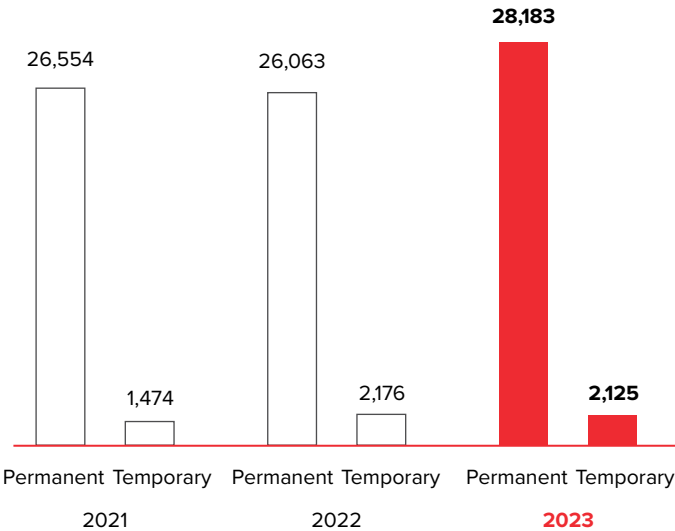


APP PERSONNEL

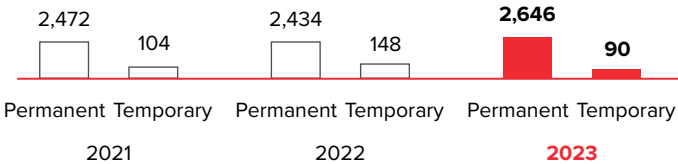
As of the end of 2023, APP employees were recorded at 33,044 people. These employees consisted of 30,829 permanent employees and 2,215 contract employees (including expatriates). Employee data was obtained from the HRD department's records. There was no significant employee fluctuation during the reporting period.

Total Number of Employees by Employment Contract (Permanent and Temporary) and Gender [GRI 2-7] [OJK C.3.b]

Male



Female



A comprehensive overview of APP's employee demographics over the past three years is presented in the following tables:

Description	2021		2022		2023	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Sub Total	29,026	1,578	28,497	2,324	30,829	2,215
Total	30,604		30,821		33,044	

[GRI 2-7] [GRI 2-8] [OJK C.3.b] [S.1.5.2.7]

Total Number of Employees by Employment Contract (Permanent and Temporary) and Region [GRI 2-7] [OJK C.3.b]

Description	2021		2022		2023	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Riau	9,007	265	8,910	339	8,965	126
Jambi	2,613	65	2,467	104	2,647	37
South Sumatera	1,624	536	1,826	890	2,233	725
Banten	4,562	154	4,391	236	4,291	109
West Java	4,326	416	4,261	418	4,235	1,125
East Java	5,971	9	5,822	30	5,775	32
Others	2,574	234	2,614	374	2,683	61
Sub Total	30,677	1,679	30,291	2,391	30,829	2,215
Total	32,356		32,682		33,044	

30,829

Total permanent employees on 2023

2,215

Total temporary employees on 2023

EMPLOYEE RECRUITMENT AND TURNOVER

APP is committed to building a solid and high-performing team through regular employee recruitment carried out through two channels, namely internal recruitment, and external recruitment. The internal recruitment process is carried out through promotion, rotation, and transfer of employees, while external recruitment is carried out by opening job vacancies to general applicants who meet the criteria for the required positions. APP's workforce selection is carried out objectively and transparently, regardless of ethnic, religious, racial, group, or gender background. The company upholds equal opportunity and provides equal opportunities for all prospective employees to join and build a career with APP.

[S.1.2.2] [OJK F.18]

The employee recruitment and selection process is in line with human rights principles and consistently adheres to applicable labour regulations, including regulations regarding the minimum age for prospective employees. The company ensures that all employees have reached the legal working age in accordance with ILO Convention No. 138 on the Minimum Age for Admission to Employment, which is 18 years. During the reporting year, no incidents of employee rights violations related to underage labour were recorded. In addition, we do not employ forced labour in any form, and this is in line with the prevailing laws and regulations in Indonesia, including Law No. 13 of 2003 on Manpower and Law No. 39 of 2004 on Human Rights. [GRI 408-1] [GRI 409-1] [OJK F.19] [S.1.1.1] [S.1.2.3] [S.2.1.5] [S.2.1.9]

[GRI 401-1] [S.1.5.2.7] [S.1.5.2.1]



Throughout 2023, the company recruited 2,982 new employees from all over Indonesia. In addition to adding new employees through recruitment, the number of APP employees also decreased due to several employees leaving the company for various reasons such as retirement, resignation, end of contract, death, and others. In 2023, the number of employees leaving the company was recorded at 2,606 people. The low employee turnover rate indicates a high level of job satisfaction and loyalty to the company. Details of employee recruitment and turnover by gender, age, and region are presented in the following tables:

2,982
Total new employee
recruited on 2023

Employee Recruitment by Age Group [GRI 401-1] [S.1.3.2]

Description	2021	%	2022	%	2023	%
Under 30 years old	1,479	76%	2,027	74%	2,364	79%
30—50 years old	379	19%	568	21%	489	16%
Over 50 years old	81	5%	134	5%	129	5%
Total	1,939		2,729		2,982	

Employee Recruitment by Gender [GRI 401-1] [S.1.3.2]

Description	2021	%	2022	%	2023	%
Male	1,698	88%	2,441	89%	2,688	90%
Female	241	12%	288	11%	294	10%
Total	1,939		2,729		2,982	

Employee Recruitment by Region [GRI 401-1] [S.1.3.2]

Description	2021	%	2022	%	2023	%
Riau	297	15%	549	20%	710	24%
Jambi	166	8%	278	10%	312	10%
South Sumatera	265	14%	694	26%	531	18%
Banten	322	17%	386	14%	212	7%
West Java	290	15%	242	9%	675	23%
East Java	487	25%	161	6%	139	5%
Others	112	6%	419	15%	403	14%
Total	1,939		2,729		2,982	

Employee Turnover by Age Group [GRI 401-1] [S.1.3.2] [S.1.5]

Description	2021	%	2022	%	2023	%
Under 30 years old	732	22%	1,042	41%	909	35%
30—50 years old	1,755	52%	1,005	39%	919	35%
Over 50 years old	905	27%	521	20%	778	30%
Total	3,392		2,568		2,606	

Employee Turnover by Gender [GRI 401-1] [S.1.3.2] [S.1.5]

Description	2021	%	2022	%	2023	%
Male	2,986	88%	2,327	91%	2,336	90%
Female	406	12%	241	9%	270	10%
Total	3,392		2,568		2,606	

Employee Turnover by Region [GRI 401-1] [S.1.3.2] [S.1.5]

Description	2021	%	2022	%	2023	%
Riau	544	16%	539	21%	552	21%
Jambi	210	6%	443	17%	256	10%
South Sumatera	275	8%	282	11%	306	12%
Banten	442	13%	379	15%	382	15%
West Java	334	10%	281	11%	523	20%
East Java	1,344	40%	170	7%	190	7%
Others	243	7%	474	18%	397	15%
Total	3,392		2,568		2,606	

2,606

Total employee turnover on 2023

OPERATING WITH ETHICS AND INTEGRITY

BUSINESS CODE OF CONDUCT (BCoC)

APP affirms its commitment to upholding integrity through proactive measures. The company has developed a BCoC that serves as a guide for all employees in carrying out their duties and responsibilities. This document is publicly available on the company's website, ensuring accessibility for all team members. Additionally, APP regularly conducts BCoC training as a mandatory exercise for all employees. This training not only aims to introduce the BCoC but also to provide a thorough understanding of the company's core values of integrity. Training participants undergo an assessment at the end of the training, and achieving a minimum passing score is mandatory to demonstrate sufficient understanding.

The topics covered in the BCoC cover various aspects relevant to integrity and business ethics, such as abuse of power, conflicts of interest, procedures for reporting violations, confidentiality of information, discrimination, and fair treatment of business partners. By

testing employees' understanding and knowledge in these areas, APP ensures that each individual has a solid foundation in conducting business activities with high integrity and compliance. These measures not only strengthen the company's culture of integrity but also help create a professional and ethical working environment.

One of the topics emphasized in the BCoC training is Human Rights. During the reporting year, APP conducted BCoC training for 27,732 employees or 76% of all employees. We also provided BCoC training (including Human Rights) to 138 security personnel or 46% of the total security officers. [GRI 410-1]

SUPPLIER CODE OF CONDUCT

APP has established a Supplier Code of Conduct (SCoC) as a crucial step in ensuring that all its supplier partners adhere to ethical and sustainable business practices. This SCoC is designed to ensure compliance with environmental responsibility, occupational health and safety (OHS), and fair labor practices.

In this context, APP conducts regular assessments of its suppliers to ensure compliance with the SCoC. These assessments are carried out periodically and rigorously to confirm that suppliers' business practices continue to meet the established standards.

It is important to note that failure to comply with the SCoC can have severe consequences. APP upholds the principle that if a supplier fails to meet the established ethical and sustainability standards, it may result in the termination of the relationship with that supplier. This action is necessary to maintain the integrity and commitment of APP to responsible and sustainable business practices.

During the reporting year, all wood pulp suppliers (100%) and 118 suppliers, or 79% of all outsourcing suppliers, received dissemination related to the SCoC. [GRI 308-1][308-2]

CONFLICT OF INTEREST

APP is firmly committed to preventing conflicts of interest at all levels of its organization. Conflicts of interest can lead to a variety of harms and losses, such as biased decision-making, loss of stakeholder trust, and damage to the company's overall reputation. To ensure compliance with high ethical standards and prevent conflicts of interest, APP established an Ethics Committee.

This Committee is tasked with overseeing senior management and helping to prevent deviations from the established ethical standards. They routinely hold meetings to discuss sensitive investigative matters and provide guidance on the company's approach to ethics, thereby ensuring that the decisions and actions taken by the company consistently align with its core ethical values. Discussions of conflicts of interest are only disclosed to relevant parties.

ANTI-CORUPPTION

APP has adopted a stringent anti-bribery and anti-corruption policy, emphasizing that there is no room for bribery or corruption in any aspect of its operations. As part of this commitment, APP does not tolerate any form of bribery or corruption within the company.

To further solidify its anti-corruption stance, APP adopted the international ISO 37001 standard for anti-bribery management systems. By implementing this standard, APP ensures that its management system is effectively designed to prevent, detect, and address bribery practices. Currently, Ekamas Fortuna mill is the only facility certified under ISO 37001, with plans to extend the certification to all APP mills in the future.

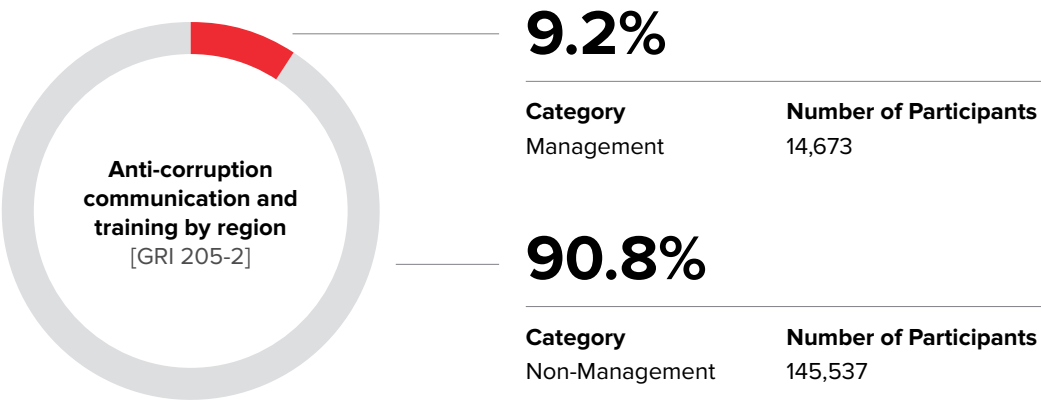
Additionally, APP actively conducts integrity risk assessment across its operations. This assessment aims to identify and mitigate potential corruption and fraud risks. The process is led by the Corporate Risk & Integrity (CRI) Division, responsible for risk management and compliance with anti-bribery and anti-corruption policies. Among all operations, the strategic procurement division is considered to have significant corruption-related risks. [GRI 205-1]



APP doesn't tolerate any practice of bribing nor corruption within its operations as a company

Anti-corruption communication and training by region [GRI 205-2]

Company Name	Location	Number of Participants
PT Indah Kiat Pulp & Paper Tbk	Perawang	5,641
	Serang	3,639
	Tangerang	787
PT Pabrik Kertas Tjiwi Kimia Tbk	Mojokerto	4,957
PT Lontar Papyrus Pulp & Paper Industry	Jambi	1,520
PT Pindo Deli Pulp and Paper Mills	Karawang	4,017
	Perawang	1,570
PT OKI Pulp & Paper Mills	Ogan Komering Ilir	2,957
Purinusa Ekapersada	Semarang	253
	Demak	188
	Bandung	287
	Subang	167
APP HQ	Jakarta and Tangerang	1,947



160,210

Total Management and Non-Management participants in Communication and Anti-Corruption Training

BUSINESS PARTNER ENGAGEMENT IN ANTI-CORRUPTION TRAINING THROUGH SUPPLIER CODE OF CONDUCT (SCoC) TRAINING

Enhancing integrity and preventing corruption are crucial aspects of building sustainable business relationships. One effective way to achieve this is by engaging business partners in anti-corruption training, particularly through SCoC training.

This training aims to equip business partners with knowledge and understanding of anti-corruption principles, including prohibitions of bribery, gratuities, and other fraudulent practices. Business partners receive training on identifying and reporting potential corruption. They will also be equipped with the knowledge to build an ethical environment within their organizations.

Business partner participation in anti-corruption training offers several benefits, including:

1.

Increasing awareness and understanding of corruption: This training helps business partners understand what corruption is and how it can jeopardize their businesses.
2.

Promoting a culture of integrity: This training helps create a culture of integrity within the supply chain. All parties are committed to conducting business ethically and responsibly.
3.

Preventing corruption violations: This training helps business partners identify and report potential corruption violations, allowing them to be prevented before they occur.
4.

Strengthening business relationships: This training demonstrates the company’s commitment to integrity and transparency, which can in turn strengthen business relationships with business partners.
5.

As responsible business partners, it is crucial to engage in anti-corruption training. By understanding and applying anti-corruption principles in business practices, business partners can contribute to fostering a fairer and more transparent business environment.

Business partners informed on APP’s anti-corruption policies and procedures by type [GRI 205-2]

Category	Total	%
Active Vendors (excluding outsourcing)	7,421	100%
Outsourcing Vendors	118	79%
Total	7,539	

During the reporting period, there were 35 incidents of corruption processed in accordance with company regulations or applicable Indonesian anti-corruption laws. [GRI 205-3]

35

Total incidents of corruption processed in accordance with company regulations or applicable Indonesian anti-corruption laws

POLITICAL INVOLVEMENT

APP does not engage in any political activities that could potentially influence policy processes or political decisions. We maintain its political neutrality as part of our commitment to prioritizing sustainable and responsible business operations.

However, we recognize that our employees have the right to engage in political activities outside of their work. We respect freedom of expression and participation in the political process as individual rights. Therefore, our employees are allowed to participate in political activities without involving the company or using company facilities. We ensure that this policy is clear and consistently enforced throughout our organization. By doing so, we meet our obligations while maintaining our focus on transparent, ethical, and sustainable business operations.

[GRI 415-1] [G.3.1] [G.3.2]



CONTENT INDEX

Whistleblower Reports in 2023 [QJK F.24] [G.1.2.7]

	Total Incoming whistleblower reports	Total reports that have been followed up	Total reports that have been not yet been followed up	Total reports closed due to insufficient evidence	Total reports that have been completed with management actions	Total reports requiring investigation and have been completed in the year	Total reports requiring investigation
Indah Kiat Perawang	13	13	0	3	7	1	2
Indah Kiat Serang	12	12	0	4	5	2	1
Indah Kiat Tangerang	8	8	0	6	1	1	0
Tjiwi Kimia	8	8	0	3	5	0	0
Purinusa Bandung	2	2	0	1	1	0	0
Lontar Papyrus	8	8	0	3	4	1	0
OKI	41	41	0	19	20	2	0
Pindo Deli Karawang	19	19	0	3	13	1	2
Pindo Deli Perawang	0	0	0	0	0	0	0
Purinusa Subang	0	0	0	0	0	0	0
Ekamas Fortuna	2	2	0	2	0	0	0
Univenus Perawang	0	0	0	0	0	0	0
Wirakarya Sakti	12	12	0	5	4	0	3
Purinusa Demak	0	0	0	0	0	0	0
Satria Perkasa Agung	1	1	0	0	1	0	0
Riau Abadi Lestari	0	0	0	0	0	0	0
Sumalindo Hutani Jaya	3	3	0	2	1	0	0
Purinusa Semarang	0	0	0	0	0	0	0
Arara Abadi	10	10	0	5	5	0	0

	Conflicts of Interest	Company's Defamation	Discrimination (SARA)	Extortion	Fraud
Indah Kiat Perawang	1	0	0	3	1
Indah Kiat Serang	0	0	0	0	2
Indah Kiat Tangerang	0	0	0	0	0
Tjiwi Kimia	0	0	0	0	1
Purinusa (Bandung, Demak, Semarang, Subang)	0	0	0	0	0
Lontar Papyrus	1	1	0	0	0
OKI	1	0	0	0	3
Pindo Deli Karawang	1	1	0	0	3
Pindo Deli Perawang	0	0	0	0	0
Ekamas Fortuna	0	0	0	0	0
Univenus Perawang	0	0	0	0	0
Wirakarya Sakti	1	0	0	0	1
Satria Perkasa Agung	0	0	0	0	0
Riau Abadi Lestari	0	0	0	0	0
Sumalindo Hutani Jaya	0	0	0	0	0
Arara Abadi	0	0	0	0	2

	Grievance	Bribery	Verbal Harassment	Other	Total
Indah Kiat Perawang	4	0	0	4	13
Indah Kiat Serang	6	0	0	4	12
Indah Kiat Tangerang	7	0	0	1	8
Tjiwi Kimia	6	0	0	1	8
Purinusa (Bandung, Demak, Semarang, Subang)	2	0	0	0	2
Lontar Papyrus	6	0	0	0	8
OKI	24	1	0	12	41
Pindo Deli Karawang	12	0	0	2	19
Pindo Deli Perawang	0	1	0	0	0
Ekamas Fortuna	0	0	0	1	2
Univenus Perawang	0	0	0	0	0
Wirakarya Sakti	6	0	0	4	12
Satria Perkasa Agung	1	0	0	0	1
Riau Abadi Lestari	0	0	0	0	0
Sumalindo Hutani Jaya	1	0	0	2	3
Arara Abadi	7	0	0	1	10

ENVIRONMENTAL DATA

	Description	Unit	2021	2022	2023
Water	Total Water Withdrawn by Source (Surface Water Only)	ML	346,026	325,658	331,326
	Percentage of Water Reused and Recycled	%	14%	14%	17%
	Effluent Discharge to River	ML	226,455	219,368	224,262
Waste	Landfill		480,053	515,914	209,533
	Utilized by Licensed Third Party		175,269	117,769	71,781
	Recycled		551,932	600,104	546,885
	Temporary Storage		13,346	9,379	3,950
	Total Hazardous Waste		1,220,600	1,243,166	832,149
	Landfill	Tonnes	0	0	0
	Utilized by Licensed Third Party		272,845	210,845	481,985
	Recycled		4	1,816	138,367
	Temporary Storage		70,341	73,332	63,078
	Total Non-Hazardous Waste		343,190	362,912	686,742
Others	ODS Emissions in CFC-11 Eq	Tonnes	30	16	32,76
Environmental Expenditure	Waste Disposal, Emissions Treatment, and Remediation Cost		40,896,654	39,920,963	49,218,228
	Prevention and Environmental Management Cost	USD	3,925,024	2,063,871	1,242,465

MILLS ENVIRONMENTAL DATA

Environmental Parameters			Perawang Mill (Indah Kiat Perawang, Pindo Deli Perawang, Univenus Perawang)			Indah Kiat Serang			Indah Kiat Tangerang		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Water Emissions	pH	mg/l	7.5	7.2	7.5	7.6	7.7	7.6	7.5	7.7	7.6
	TSS		72.5	65.3	64.4	24.1	26.1	26.1	4.8	6.8	5.3
	BOD		68.5	63.1	69.1	38.0	36.8	24.4	11.1	10.9	5.6
	COD		258.4	245.5	267.7	162.0	157.9	101.8	52.5	54.0	27.6
	AOX		0.2	0.0	0.67	N/A	N/A	N/A	N/A	N/A	N/A
Air Emissions	NO ₂	mg/Nm ₃	186.9	152.3	152.3	243.4	162.3	408.17	125.8	51.8	264.25
	SO ₂		278.6	271.7	271.7	49.6	200.6	348.29	16.8	73.3	37.33
	ClO ₂		13.1	1.1	1.1	N/A	N/A	N/A	N/A	N/A	N/A
	HCl		3.0	0.6	<0.135	N/A	N/A	N/A	N/A	N/A	N/A
	Cl ₂		2.0	1.9	<1	N/A	N/A	N/A	N/A	N/A	N/A
	Opacity		<20	<20	<20	<20	<20	<20	<20	<20	<20
	TRS		5.6	6.0	3.91	N/A	N/A	N/A	N/A	N/A	N/A
	Total Particulate		101.7	96.6	78.79	22.1	33.3	26.00	14.3	12.1	26.00
Air Emissions Load	NO ₂	kg/ton	0.8	0.6	0.7	1.9	1.0	2.08	1.4	0.8	4
	SO ₂		1.2	1.0	0.1	0.5	0.9	1.76	0.1	1.2	N/A
	ClO ₂			0.00004		-	N/A			N/A	
	HCl			0.00001		-	N/A			N/A	
	Cl ₂			0.00011		-	N/A			N/A	
	Total Particulate			0.6	0.94	-	0.2	0.1		0.2	1
GHG emission	GHG emissions intensity	tCO ₂ e/ton	1.23	1.19	1.23	1.14	1.14	1.19	1.28	1.38	1.44
Others	Distance to protected Area	km	50 km to Tesso Nilo National Park			Halimun Mountain National Park			20 km to Rawa Danau Tukang Gede Conservation Area		
	Local water source & Discharge		Siak River			Ciujung River			Cisadane River		

Environmental Parameters			Lontar Papyrus			Pindo Deli Karawang		
			2021	2022	2023	2021	2022	2023
Water Emissions	pH	mg/l	7.5	7.5	7.0	7.6	7.7	7.6
	TSS		59.2	53.0	31.5	26.3	27.1	25.7
	BOD		45.2	59.5	67.9	18.6	22.1	15.3
	COD		257.6	260.9	210.5	75.8	89.8	62.5
	AOX		3.5	3.3	2.9	0.1	0.1	0.1
Air Emissions	NO ₂	mg/Nm ³	196.4	209.7	295.21	136.4	164.6	141.6
	SO ₂		293.8	341.3	472.54	19.9	108.8	114.3
	ClO ₂		8.8	7.7	6.75	N/A	0.0	0.0
	HCl		1.1	1.7	2.5	2.3	0.5	2.0
	Cl ₂		4.4	4.3	5.25	0.1	0.1	0.0
	Opacity		<19	<20	17.06	<20	<20	<20
	TRS		15.0	14.3	15.75	N/A	N/A	N/A
	Total Particulate		81.4	82.0	93.63	24.5	12.8	17.1
Air Emissions Load	NO ₂	kg/ton	1.3	0.6	6	4.1	4.2	15.8
	SO ₂		1.0	1.8	5	1.3	4.3	1.6
	ClO ₂		-	N/A	-	-	N/A	-
	HCl		-	0.00003	-	-	N/A	-
	Cl ₂		-	0.00004	-	-	N/A	-
	Total Particulate		-	0.6	2	-	1.1	-
GHG emission	GHG emissions intensity	tCO ₂ e/ton	0.81	0.88	1.02	PD1: 1.90	PD1: 1.98	PD1: 1.90
						PD2: 1.18	PD2: 1.38	PD2: 1.82
						PD3: 1.18	PD3: 1.24	PD3: 1.25
Others	Distance to protected Area	km	30 km to Bukit Tigapuluh National Park			40 km to Natural Reserve Tangkuban Perahu Mountain		
	Local water source & Discharge		Pengabuan River			Citarum River		

Environmental Parameters			Tjiwi Kimia			Ekamas Fortuna			OKI		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Water Emissions	pH	mg/l	7.5	7.5	7.5	7.5	7.4	7.7	7.6	7.4	7.1
	TSS		9.9	24.1	19.5	12.1	14.8	8.0	20.8	17.7	45.4
	BOD		21.2	29.8	28.9	22.0	29.5	20.8	62.4	69.1	62.6
	COD		47.8	79.2	76.4	76.6	95.2	73.7	231.1	241.8	205.0
	AOX		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Air Emissions	NO ₂	mg/Nm ₃	117.9	200.8	227.75	161.4	155.4	132.0	216.4	73.0	73.0
	SO ₂		43.5	64.6	234.45	151.8	14.8	229.8	40.1	32.5	23.5
	ClO ₂		N/A	N/A	N/A	N/A	N/A	N/A	23.5	4.4	4.38
	HCl		0.14	0.2	0.55	N/A	N/A	N/A	2.3	4.5	1.0
	Cl ₂		0.13	0.1	0.21	N/A	N/A	N/A	1.7	1.6	1.56
	Opacity		<20	<20	<20	<20	<20	16.0	20.0	<20	20.0
	TRS		0.02	0.0	0.0	N/A	N/A	N/A	4.5	2.6	3.0
	Total Paticulate		41.28	67.0	61.34	23.2	38.2	39.8	26.6	30.0	30.64
Air Emissions Load	NO ₂	kg/ton	10.9	11.8	9.6	1.0	0.9	0.88	0.6	0.2	0.18
	SO ₂		4.5	4.0	10.14	1.0	0.1	1.77	0.1	0.1	0.06
	ClO ₂		N/A				N/A				
	HCl		0.00001				N/A				0.00001
	Cl ₂		0.00002				N/A				0.00002
	Total Particulate		0.0380		2.6	0.3		0.2	0.1		0.09
GHG emission	GHG emissions intensity	tCO ₂ e/ton	2.12	1.92	1.78	1.20	1.25	1.22	0.08	0.07	0.06
Others	Distance to protected Area	km	80 km to Bromo Tengger Semeru National Park			30 km to Pulau Sempu Nature Reserve			Berbak Sembilang National Park Sungai Padang		
	Local water source & Discharge		Brantas River			Lesti River			Padang River		

Environmental Parameters			Purinusa Ekapersada - Subang			Purinusa Ekapersada - Bandung			Purinusa Ekapersada - Demak		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Water Emissions	pH	mg/l	7.3	7.2	7.2	7.0	7.0	7.2	7.5	7.4	7.3
	TSS		28.6	72.4	28.0	10.1	10.9	19.7	16.3	14.9	13.5
	BOD		19.6	37.9	27.0	25.3	20.4	28.2	16.2	9.4	15.9
	COD		58.3	92.5	92.8	63.4	89.3	113.7	38.9	20.0	37.9
	AOX		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Air Emissions	NO ₂	mg/Nm ₃	80.0	18.5	23.75	104.9	49.3	100.30	131.5	129.6	72.1
	SO ₂		3.6	22.0	25.40	12.3	113.0	42.70	64.5	255.1	401.5
	ClO ₂		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	HCl		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Cl ₂		N/A	N/A	N/A	N/A	N/A	N/A	<20	<20	N/A
	Opacity		<20	<20	6.00	<20	<20	16	N/A	N/A	15.85
	TRS		N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00
	Total Particulate		20.5	152.5	99.75	76.5	20.9	170.40	50.1	33.5	82.95
Air Emissions Load	NO ₂	kg/ton	0.2	0.1	0.1	0.3	0.1	0.6	0.3	0.7	0.5
	SO ₂		0.0	0.1	0.05	0.3	0.2	0.5	0.1	0.7	0.5
	ClO ₂			N/A			N/A			N/A	
	HCl			0.00001			N/A			0.00001	
	Cl ₂			0.00002			N/A			0.00002	
	Total Particulate			0.0380	-		0.3	1.9		0.1	-
GHG emission	GHG emissions intensity	tCO ₂ e/ton	0.20	0.20	0.18	0.30	0.27	0.28	0.19	0.21	0.20
Others	Distance to protected Area	km	0.65 km to Cilamaya River			0.3 km to Cipanjalu River			2 km to nearest river body		
	Local water source & Discharge		Ground water & Cilamaya River			Ground water & Cipanjalu River			Ground water & Sipon Sidogemah River		

Environmental Parameters			Purinusa Ekapersada – Bawen (Semarang)		
			2021	2022	2023
Water Emissions	pH	mg/l	7.6	7.4	7.7
	TSS		7.8	11.1	8.6
	BOD		6.4	5.6	7.8
	COD		15.8	13.5	18.8
	AOX		N/A	N/A	N/A
Air Emissions	NO ₂	mg/Nm ₃	136.3	130.3	93.65
	SO ₂		71.2	236.3	157.80
	ClO ₂		N/A	N/A	0.00
	HCl		N/A	N/A	0.00
	Cl ₂		N/A	N/A	0.00
	Opacity		<20	<20	8.00
	TRS		N/A	N/A	0.00
	Total Particulate		50.1	35.4	132.25
Air Emissions Load	NO ₂	kg/ton	0.1	0.1	0.3
	SO ₂		0.1	0.1	0.5
	ClO ₂		N/A	N/A	
	HCl			0.00001	
	Cl ₂			0.00002	
	Total Particulate			0.0380	-
GHG emission	GHG emissions intensity	tCO ₂ e/ton	0.17	0.17	0.17
Others	Distance to protected Area	km	0.2 km to nearest river body and 10 km to Rawa Pening Lake		
	Local water source & Discharge		Third Party (PDAM) which intake form Rawa Pening Lake & Sigebyok River		

MILL AND FORESTRY SOCIAL DATA

Description	Unit	Indah Kiat Perawang						Indah Kiat Serang					
		Male			Female			Male			Female		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Employee													
New employee	#	381	34	24	17	0	0	153	24	8	7	1	1
Rate of new employee	%	34.4%	1.2%	1.8%	44.7%	0.0%	0.0%	14.4%	1.2%	1.8%	15.9%	1.5%	4.3%
Employee turnover	#	69	69	217	-	5	5	149	111	70	3	9	3
Rate of employee turnover	%	5.9%	2.3%	13.7%	0.0%	2.7%	10.4%	12.3%	5.3%	13.7%	6.4%	12.0%	11.5%
		Employee			Outsourcing			Employee			Outsourcing		
Health & Safety													
Fatality	#	0.00			1.00			0.00			0.00		
Fatality rate		0.00			0.04			0.00			0.00		
High consequence work related injury rate (excluding: fatality)*		0.00			0.00			0.00			0.00		
Rate of recordable work-related injuries**		1.67			0.08			2.34			1.30		

Description	Unit	Indah Kiat Tangerang						Lontar Papyrus					
		Male			Female			Male			Female		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Employee													
New employee	#	15	0	0	2	1	0	202	24	4	9	0	0
Rate of new employee	%	20.3%	0.0%	0.0%	11.1%	1.4%	0.0%	42.3%	3.4%	1.2%	40.9%	0.0%	0.0%
Employee turnover	#	6	12	15	1	1	2	76	54	26	2	1	0
Rate of employee turnover	%	7.5%	2.3%	15.5%	5.3%	1.4%	18.2%	13.7%	7.2%	7.3%	8.3%	6.7%	0.0%
		Employee			Outsourcing			Employee			Outsourcing		
Health & Safety													
Fatality	#	0.00			0.00			0.00			0.00		
Fatality rate		0.00			0.00			0.00			0.00		
High consequence work related injury rate (excluding: fatality)*		0.00			0.00			0.00			0.00		
Rate of recordable work-related injuries**		1.20			0.00			2.57			0.00		

Description	Unit	Pindo Deli Karawang						Pindo Deli Perawang					
		Male			Female			Male			Female		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Employee													
New employee	#	151	49	24	6	1	24	56	2	0	3	0	0
Rate of new employee	%	25.2%	2.2%	2.6%	12.2%	0.7%	70.6%	25.5%	0.2%	0.0%	27.3%	0.0%	0.0%
Employee turnover	#	70	71	177	7	18	12	10	31	2	1	1	1
Rate of employee turnover	%	10.4%	3.0%	16.1%	12.5%	11.0%	26.1%	4.3%	2.4%	6.5%	8.3%	3.3%	50.0%
		Employee			Outsourcing			Employee			Outsourcing		
Health & Safety													
Fatality	#	1.00			0.00			0.00			0.00		
Fatality rate		0.10			0.00			0.00			0.00		
High consequence work related injury rate (excluding: fatality)*		0.00			0.00			0.00			0.00		
Rate of recordable work-related injuries**		1.88			1.16			3.07			0.00		

Description	Unit	Univenus Perawang						Tjiwi Kimia					
		Male			Female			Male			Female		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Employee													
New employee	#	2	0	0	0	0	0	88	10	2	4	1	0
Rate of new employee	%	66.7%	0.0%	0.0%	0.0%	0.0%	0.0%	7.4%	0.4%	0.3%	4.1%	0.2%	0.0%
Employee turnover	#	0	1	0	0	0	0	42	54	31	4	6	6
Rate of employee turnover	%	0.0%	3.0%	0.0%	0.0%	0.0%	0.0%	3.4%	2.1%	4.3%	4.0%	1.4%	8.8%
		Employee			Outsourcing			Employee			Outsourcing		
Health & Safety													
Fatality	#	0.00			0.00			0.00			0.00		
Fatality rate		0.00			0.00			0.00			0.00		
High consequence work related injury rate (excluding: fatality)*		0.00			0.00			0.00			0.00		
Rate of recordable work-related injuries**		0.00			0.00			1.69			6.16		

Description	Unit	Ekamas Fortuna						OKI					
		Male			Female			Male			Female		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Employee													
New employee	#	32	0	0	2	0	0	384	114	9	23	1	0
Rate of new employee	%	27.8%	0.0%	0.0%	16.7%	0.0%	0.0%	29.1%	8.6%	4.6%	24.7%	3.7%	0.0%
Employee turnover	#	2	8	36	0	0	1	137	127	25	13	4	0
Rate of employee turnover	%	1.7%	1.6%	15.3%	0.0%	0.0%	20.0%	9.4%	8.8%	11.4%	12.3%	12.9%	0.0%
		Employee			Outsourcing			Employee			Outsourcing		
Health & Safety													
Fatality	#	0.00			0.00			0.00			1.00		
Fatality rate		0.00			0.00			0.00			0.12		
High consequence work related injury rate (excluding: fatality)*		0.00			0.00			0.00			0.00		
Rate of recordable work-related injuries**		8.52			29.24			12.06			1.29		

Description	Unit	Purinusa Ekapersada Semarang						Purinusa Ekapersada Demak					
		Male			Female			Male			Female		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Employee													
New employee	#	3	4	0	1	0	0	5	3	0	1	0	0
Rate of new employee	%	20.0%	2.1%	0.0%	20.0%	0.0%	0.0%	17.9%	2.1%	0.0%	0.0%	0.0%	0.0%
Employee turnover	#	2	9	2	0	0	0	0	8	0	0	1	0
Rate of employee turnover	%	11.8%	4.4%	11.1%	0.0%	0.0%	0.0%	0.0%	5.4%	0.0%	0.0%	7.1%	0.0%
		Employee			Outsourcing			Employee			Outsourcing		
Health & Safety													
Fatality	#	0.00			0.00			0.00			0.00		
Fatality rate		0.00			0.00			0.00			0.00		
High consequence work related injury rate (excluding: fatality)*		0.00			0.00			0.00			0.00		
Rate of recordable work-related injuries**		3.93			14.16			15.09			6.94		

Description	Unit	Purinusa Ekapersada Bandung						Purinusa Ekapersada Subang					
		Male			Female			Male			Female		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Employee													
New employee	#	6	0	0	1	0	0	5	3	0	1	0	0
Rate of new employee	%	11.3%	0.0%	0.0%	12.5%	0.0%	0.0%	7.9%	3.4%	0.0%	10.0%	0.0%	0.0%
Employee turnover	#	4	6	1	1	0	0	9	5	1	0	0	0
Rate of employee turnover	%	7.0%	3.5%	2.2%	11.1%	0.0%	0.0%	12.5%	5.4%	16.7%	0.0%	0.0%	0.0%
		Employee			Outsourcing			Employee			Outsourcing		
Health & Safety													
Fatality	#	0.00			0.00			0.00			0.00		
Fatality rate		0.00			0.00			0.00			0.00		
High consequence work related injury rate (excluding: fatality)*		0.00			0.00			0.00			0.00		
Rate of recordable work-related injuries**		0.00			1.86			5.07			0.00		

Description	Unit	Arara Abadi						Riau Abadi Lestari					
		Male			Female			Male			Female		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Employee													
New employee	#	148	15	1	19	1	0	2	0	-	0	0	0
Rate of new employee	%	40.9%	2.1%	0.3%	38.0%	1.3%	0.0%	33.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Employee turnover	#	41	34	34	4	1	3	-	2	1	-	0	0
Rate of employee turnover	%	10.2%	4.6%	10.1%	7.4%	1.3%	13.0%	0.0%	5.6%	9.1%	0.0%	0.0%	0.0%
		Employee			Outsourcing			Employee			Outsourcing		
Health & Safety													
Fatality	#	0.00			0.00			0.00			0.00		
Fatality rate		0.00			0.00			0.00			0.00		
High consequence work related injury rate (excluding: fatality)*		0.00			0.00			0.00			0.00		
Rate of recordable work-related injuries**		2.77			0.14			0.00			0.00		

Description	Unit	Finnantara Intiga						Satria Perkasa Agung					
		Male			Female			Male			Female		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Employee													
New employee	#	24	6	0	3	0	0	2	3	0	0	0	0
Rate of new employee	%	43.6%	4.8%	0.0%	60.0%	0.0%	0.0%	3.6%	2.5%	0.0%	0.0%	0.0%	0.0%
Employee turnover	#	15	20	5	0	0	0	6	6	7	0	1	0
Rate of employee turnover	%	21.4%	13.8%	20.0%	0.0%	0.0%	0.0%	9.7%	4.8%	11.1%	0.0%	11.1%	0.0%
		Employee			Outsourcing			Employee			Outsourcing		
Health & Safety													
Fatality	#	0.00			0.00			0.00			0.00		
Fatality rate		0.00			0.00			0.00			0.00		
High consequence work related injury rate (excluding: fatality)*		0.00			0.00			0.00			0.00		
Rate of recordable work-related injuries**		0.00			0.69			0.00			0.63		

Description	Unit	Wirakarya Sakti						Sumalindo Hutani Jaya					
		Male			Female			Male			Female		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Employee													
New employee	#	56	11	0	5	1	0	0	0	0	0	0	0
Rate of new employee	%	19.0%	1.9%	0.0%	15.2%	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Employee turnover	#	40	29	22	2	3	1	3	5	1	0	0	0
Rate of employee turnover	%	11.9%	4.7%	12.3%	5.7%	6.7%	7.1%	5.9%	6.2%	9.1%	0.0%	11.1%	0.0%
		Employee			Outsourcing			Employee			Outsourcing		
Health & Safety													
Fatality	#	0.00			0.00			0.00			0.00		
Fatality rate		0.00			0.00			0.00			0.00		
High consequence work related injury rate (excluding: fatality)*		0.00			0.00			0.00			0.00		
Rate of recordable work-related injuries**		3.78			0.87			5.41			17.91		

* High-consequence work-related injury

** Recordable work-related injury or ill health work-related injury or ill health that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

*** This disclosure covers work-related hazards that pose a risk of high-consequence injury if not controlled, even when there are control measures in place. The hazards might have been identified proactively through risk assessment, or reactively as a result of either a high-potential incident or a high-consequence injury. Examples of work-related hazards causing or contributing to high-consequence injuries include excessive workload demands, tripping hazards, or exposure to flammable materials.

INDEPENDENT ASSURANCE STATEMENT



INDEPENDENT ASSURANCE OPINION STATEMENT

Sustainability Report PT APP Purinusa Ekapersada 2023

To: The Stakeholders of PT APP Purinusa Ekapersada

Introduction and objectives of work

Bureau Veritas Indonesia ("Bureau Veritas") has been engaged by PT APP Purinusa Ekapersada ("APP") to provide independent assurance over APP's Sustainability Report 2023 ("the Report"). The aim of this process is to provide assurance to APP's stakeholders over the accuracy, reliability and objectivity of the reported information and that it covers the issues material to the business and its stakeholders.

Scope of work

The scope of our work was limited to assurance over data and information included within the Report for the reporting period of 1st January 2023 – 31st December 2023 ("the Selected Information"). Subject to the limitations and exclusions listed in the next section, our review included:

- Statements, information and performance data for the calendar year 2023 contained within the Report;
- Adherence to the following reporting principles, standards and regulations:
 - Consolidated set of the Global Reporting Initiative (GRI) Standards 2021: In-Accordance requirements and the corresponding GRI index; and
 - Regulation of Indonesia Financial Services Authority No. 51/POJK.03/2017 on Application of Sustainable Finance for Financial Services Institutions, Listed and Public Companies (POJK 51) with reference to Financial Services Authority Circular Letter No. 16/SEOJK.04/2021 (SEOJK 16).
- Evaluation of publicly disclosed information, reporting systems and processes of APP to ensure adherence of the Selected Information to the reporting criteria;

Evaluation of the Report against the principles of the AA1000 Accountability Principles (2018)¹

¹ Published by Accountability: The Institute of Social and Ethical Accountability at <http://www.accountability.org/>

Rev. RSL_001_0141593_20240219

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Assessment Standard

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (AA1000AS v3), Type 2 at a high level of assurance².

Reporting criteria

The Selected Information has been prepared in accordance with the GRI Standards 2021 and POJK 51 with reference to SEOJK 16, as well as internal definitions set by APP against their targets in their published Sustainability Roadmap Vision 2030 (SRV 2030). The definitions for APP's Greenhouse Gas (GHG) reporting are aligned with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition).

Limitations and exclusions

Our work was limited to APP's head office, mills and forestry activities covered under the reporting boundary as defined in the Report. Excluded from the scope of our work is:

- Information related to activities outside the defined reporting period or scope;
- Company positional statements (including any expression of opinion, belief, aspiration, expectation, aim or future intent);
- Historic information which was unchanged from previous years;
- Financial data audited by an external financial auditor, including but not limited to any statements relating to tax, sales, and financial investments;
- Appropriateness of commitments and objectives chosen by APP;
- Appropriateness of definitions and any internal reporting criteria adopted by APP for its disclosures which includes the internal definitions set for the status of targets reporting;
- Selection of external stakeholders interviewed during the assurance;
- Some of the data which is considered confidential by APP and was not shared in full including Board's performance assessments and Forests concession area related KPIs;
- Any other information included in the Report other than scope defined above.

² Type 2 high level assurance: an engagement in which the assurance provider assesses and reports findings and conclusions on the principles of Inclusion, Materiality and Responsiveness and verifies the reliability of specified sustainability performance information (AA1000AP (2018) Standard). High level of assurance provides users with a relatively high level of confidence in an organisation's disclosures on the subject matter it refers to.

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This assurance engagement relies on a risk based selected sample of the Selected Information and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Responsibilities

The preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of APP.

Bureau Veritas was not involved in the drafting of the Report, our responsibilities were to:

- provide high level assurance over the accuracy, reliability and objectivity of the information contained within the Report;
- form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- report our detailed conclusions and recommendations to the management of APP.

Methodology and Summary of Work

As part of its independent assurance, Bureau Veritas undertook the following activities:

- Conducted interviews with relevant APP personnel, at both Corporate and site levels;
- Performed gap analysis of the Selected Information based on Reporting Criteria;
- Carried out physical site visits at APP's head office in Jakarta, 1 forestry area (Wirakarya Sakti) and 3 mills (Lontar Papyrus, Indah Kiat Serang, and Indah Kiat Tangerang).
- Carried out virtual site verifications for rest of 10 mills (Pindo Deli Karawang, OKI Pulp & Paper, Ekamas Fortuna, Tjiwi Kimia, Indah Kiat Perawang, Pindo Deli Perawang, Univenus Perawang, Purinusa Demak, Purinusa Semarang, Purinusa Subang).
- Conducted interviews with the following external stakeholders:
 - NGOs: Belantara Foundation, EcoNusantara, Gita Buana,
 - Local Communities/Community beneficiaries:
 - Desa Delima Community, SME Dodol Kopi "Liberina", Womanpreneur Community in Jambi;
 - Rumah Tidak Layak Huni Program, Womanpreneur Community in Serang;
 - Woman empowerment – Kelompok Wanita Tani (KWT) Good Farm in Tangerang.



- Reviewed the data collection and consolidation processes used to compile Selected Information, including assessing assumptions made, the data scope and reporting boundaries;
- Reviewed a sample of Selected Information to the corresponding documentary evidence provided by APP; and
- Reviewed the disclosure and presentation of Selected Information in the Report for consistency with the assured information.

Conclusion

On the basis of our methodology and the activities described above, we conclude that:

- the Selected Information is fairly stated in all material aspects, in accordance with the Reporting criteria;
- the Report provides a fair presentation of APP's activities over the period 1st January 2023 – 31st December 2023;
- the Report adheres to the principles of inclusivity, materiality, responsiveness and impact as per the AA1000 Accountability Principles (2018);
- the Report has been prepared in accordance with the 'Reporting Principles for defining report and quality', as defined within the GRI Standards 2021;
- the underlying systems and processes for the collection, aggregation and analysis of the Selected Information are appropriate;
- scope 3 emissions as reported below are assured at a moderate level of assurance, given the inherent nature of assumptions, modelling and third-party sources that are used for these calculations. Nothing has come to our attention that indicated that the below reported GHG emissions are not fairly stated in line with GHG protocol.

Reported GHG Emissions

Scope 1: 11,535,826 tCO₂e
 Scope 2: Location based - 688,945 tCO₂e; Market based - 503,397 tCO₂e
 Scope 3: 9,525,559 tCO₂e

- Included scope 3 categories: 1 to 7, 9, 10 and 12

Ref: BV_I_ASP_0140301_02040101

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Alignment with the AA1000 assurance principles, 2018

Inclusivity³

APP has a structured stakeholder identification, prioritization and engagement process in place as has been explained in the Report. APP conducted its annual Stakeholder Advisory Forum (SAF) in 2023 to continue their commitment in transparency and constructive dialogues with stakeholders. All the raised questions in the SAF as well as the actions taken are published on the APP website with full transparency. This demonstrates APP Indonesia has been able to continue its consistent stakeholder engagement process.

Materiality⁴

APP conducts comprehensive materiality analysis at regular frequencies to better understand their material issues. The process of determining material topics was conducted in 2022 through a survey distributed to various stakeholders, including employees, government officials, partners, etc. APP highly values the feedback received and considers it as important in shaping the materiality framework and reporting practices. The survey results played a crucial role in selecting and refining the material topics to be included in the 2023 report.

Responsiveness⁵

APP has been responsive to stakeholders through various activities. APP has been acting upon stakeholders' feedback in many forms which includes consultations, engagements with communities, NGOs, grievance procedures amongst many other mechanisms. APP has been publishing their formal responses on their website to stakeholder concerns or allegations raised by various external parties. APP has also been acting on any concerns or complaints raised through integrity helpline and whistle blower channels. APP remains responsive to stakeholder concerns through its annual publication of the Sustainability Report.

³ Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

⁴ Materiality is determining the relevance and significance of an issue to an organisation and its stakeholders.

⁵ Responsiveness is the extent of an organisation's response to stakeholder issues and is realised through decisions, actions and communication with stakeholders.

Ref: BVL_ASP_STATIST_20240715

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Impact⁶

APP measures and reports on its various impacts based on the performance against targets set as part of their SRV 2030 strategy and the Forest Conservation Policy. APP has also been measuring social impacts of some of their initiatives and projects. Some of the examples include measuring and reporting against the targets on Fibre Sourcing, Sustainable Forest management, Conservation and biodiversity, GHG emissions, water, waste, employment, community beneficiaries and other impacts.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specializes in quality, environmental, health, safety and social accountability with over 190 years history. The assurance team has extensive experience in conducting verification over environmental, social, ethical, health and safety information, systems and processes.

Bureau Veritas operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

⁶ Impact relates to the organisations approach to monitor, measure and be accountable for how their actions affect their broader ecosystems.

Ref: BVL_ASP_STATIST_20240715

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Bureau Veritas has implemented a Code of Ethics which meets the requirements of the International Federation of Inspections Agencies (IFIA) across its business which ensures that all our staff maintains integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

Our assurance team does not have any involvement in projects with APP outside those of an independent assurance scope and we do not consider there to be a conflict between the other services provided by Bureau Veritas and that of our assurance team.



Bureau Veritas – Indonesia
Jakarta, 18 July 2024

Didie B. Tediosumirat
Director – Indonesia



Ref: BVL_ASR_014001_00040210

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POJK REFERENCE INDEX AND GRI STANDARD

GRI Content Index

Statement of use	Asia Pulp & Paper (APP Group) has reported in accordance with the GRI Standards for the period January 1, 2023, to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	

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GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	126				
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GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	147				
	403-2 Hazard identification, risk assessment, and incident investigation	147				
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	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	151 - 152				
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GRI 404: Occupational Health and Safety 2016	404-1 Average hours of training per year per employee	146				
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GRI 3: Material Topic 2021	DIVERSITY AND EQUAL OPPORTUNITY					
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End poverty in all its forms everywhere					
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	Economic development in areas of high poverty	GRI 203: Indirect Economic Impacts (2016)	203-2	Significant indirect economic impacts	77 - 81, 161 - 162, 165
		GRI 207: Tax (2019)	207-1	Approach to tax	66
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			207-4	Country-by-country reporting	67
	Operations that impact the community	GRI 413: Local Communities (2016)	413-2	Operations with significant actual and potential negative impacts on local communities	156
2. Zero Hunger					
End hunger, achieve food security and improved nutrition and promote sustainable agriculture					
	Economic performance	Economic Performance (2016)	201-1	Direct economic value generated and distributed	64
	Economic development in areas of high poverty	Indirect Economic Impacts (2016)	203-2	Significant indirect economic impacts	77 - 81, 161 - 162, 165
	Operations that impact the community	GRI 413: Local Communities (2016)	413-2	Operations with significant actual and potential negative impacts on local communities	156

SDG's	Business Theme	GRI Standard Relevance	Disclosure	Title Disclosure	Page
3. Good Health and Well-Being					
Ensure healthy lives and promote well-being for all at all ages					
	Economic development Well-Being in areas of high poverty	GRI 203: Indirect Economic Impacts (2016)	203-2	Significant indirect economic impacts	77 - 81, 161 - 162, 165
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4. Quality Education					
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all					
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			404-2	Programs for upgrading employee skills and transition assistance programs	139, 145
5. Gender Equality					
Achieve gender equality and empower all women and girls					
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			2-10	Nomination and selection of the highest governance body	193
	Equal remuneration for women and men	GRI 202: Market Presence (2016)	202-1	Ratio of basic salary and remuneration of women to men	140
		GRI 203: Indirect economic impact (2016)	203-1	Infrastructure investments and services supported	159
		GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	201 - 203
			401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	140
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		GRI 404: Training and Education (2016)	404-3	Percentage of employees receiving regular performance and career development reviews	146
		GRI 405-1: Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	141 - 142
			405-2	Ratio of basic salary and remuneration of women to men	143

SDG's	Business Theme	GRI Standard Relevance	Disclosure	Title Disclosure	Page
	Non-diskriminasi	GRI 406: Non-Discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	143
6. Clean Water and Sanitation Ensure availability and sustainable management of water and sanitation for all					
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			303-2	Management of water discharge- related impacts	127
			303-3	Water withdrawal	129
			303-4	Water discharge	129
			303-5	Water consumption	129
		GRI 304: Biodiversity (2016)	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	90
			304-2	Significant impacts of activities, products and services on biodiversity	90
			304-3	Habitats protected or restored	90
		GRI 306: Waste (2020)	306-1	Waste generation and significant waste-related impacts	130
			306-2	Management of significant waste- related impacts	130

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7. Affordable and Clean Energy					
Ensure access to affordable, reliable, sustainable and modern energy for all					
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8. Decent Work and Economic Worth					
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			202-2	Proportion of senior management hired from the local community	144
		GRI 203: Indirect economic impact (2016)	203-2	Significant indirect economic impacts	77 - 81, 161 - 162, 165
		GRI 204: Procurement practices (2016)	204-1	Proportion of spending on local suppliers	103
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		GRI 302: Energy (2016)	302-1	Energy consumption within the organization	114, 115
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			403-8	Workers covered by an occupational health and safety management system	152
			403-9	Work-related injuries	153
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	Training and education	GRI 404: Training and education (2016)	404-1	Average hours of training per year per employee	146
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		GRI 405: Diversity and equal opportunity (2016)	405-1	Diversity of governance bodies and employees	141 - 142
			405-2	Ratio of basic salary and remuneration of women to men	143
		GRI 406: Non-discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	143
		GRI 408: Child Labor (2016)	408-1	Operations and suppliers at significant risk for incidents of child labor	201
		GRI 409: Forced or Compulsory Labor (2016)	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	201

SDG's	Business Theme	GRI Standard Relevance	Disclosure	Title Disclosure	Page
9. Industry, Innovation and Infrastructure					
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation					
		GRI 201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	64
	Economic development in areas of high poverty	GRI 203: Indirect Economic Impacts (2016)	203-1	Infrastructure investments and services supported	159
10. Reduced Inequalities					
Reduce inequality within and among countries					
		GRI 2: General Disclosures (2021)	2-7	Employees	199 - 200
			2-8	Workers who are not employees	199
	Economic development in impoverished areas	GRI 207: Tax (2019)	207-1	Approach to tax	66
			207-2	Tax governance, control, and risk management	67
			207-3	Stakeholder engagement and management of concerns related to tax	67
			207-4	Country-by-country reporting	67
		GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	201 - 203
		GRI 404: Training and education (2016)	404-1	Average hours of training per year per employee	146
			404-3	Percentage of employees receiving regular performance and career development reviews	146
		GRI 405: Diversity and equal opportunity (2016)	405-2	Ratio of basic salary and remuneration of women to men	143

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11. Sustainable Cities and Communities					
Make cities and human settlements inclusive, safe, resilient and sustainable					
	Infrastructure investments	GRI 203: Indirect Economic Impacts (2016)	203-1	Infrastructure investments and services supported	159
12. Responsible Consumption and Production					
Ensure sustainable consumption and production patterns					
	Materials	GRI 301: Material (2016)	301-1	Materials used by weight or volume	112
			301-2	Recycled input materials used	112
			301-3	Reclaimed products and their packaging materials	112
		GRI 302: Energy (2016)	302-1	Energy consumption within the organization	114, 115
			302-3	Energy Intensity	116
			302-4	Reduction of energy consumption	117
			302-5	Reductions in energy requirements of products and services	118
		GRI 303: Water and Effluents (2018)	303-1	Interactions with water as a shared resource	126
	Air Quality	GRI 305: Emission (2016)	305-1	Direct (Scope 1) GHG emissions	120
			305-2	Energy indirect (Scope 2) GHG emissions	120
			305-3	Other indirect (Scope 3) GHG emissions	120
			305-6	Emissions of ozone-depleting substances (ODS)	123
			305-7	Nitrogen oxides (NO), sulfur oxides (SO), and other significant air emissions	123
	Waste	GRI 306: Waste (2020)	306-1	Waste generation and significant waste-related impacts	130

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			306-2	Management of significant waste- related impacts	130
			306-3	Waste generated	133
			306-4	Waste diverted from disposal	133
			306-5	Waste directed to disposal	134
	Product and service information and labeling	GRI 417: Marketing and Labeling (2016)	417-1	Requirements for product and service information and labeling	103, 108
13. Climate Action					
Take urgent action to combat climate change and its impacts					
	Economic impact	GRI 201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	64
	Energy use	GRI 302: Energy (2016)	302-1	Energy consumption within the organization	114, 115
			302-2	Energy consumption outside of the organization	114, 116
			302-3	Energy intensity	116
			302-4	Reduction of energy consumption	117
			302-5	Reductions in energy requirements of products and services	118
	Air quality	GRI 305: Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	120
			305-2	Energy indirect (Scope 2) GHG emissions	120
			305-3	Other indirect (Scope 3) GHG emissions	120
			305-4	GHG emissions intensity	122
			305-5	Reduction of GHG emissions	122

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14. Life Below Water					
Conserve and sustainably use the oceans, seas and marine resources for sustainable development					
			304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	90
			304-2	Significant impacts of activities, products and services on biodiversity	90
			304-3	Habitats protected or restored	90
			304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	90 - 91
	Air Quality	GRI 305: Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	120
			305-2	Energy indirect (Scope 2) GHG emissions	120
			305-3	Other indirect (Scope 3) GHG emissions	120
			305-4	GHG emissions intensity	122
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			305-7	Nitrogen oxides (NO), sulfur oxides (SO), and other significant air emissions	123
	Waste	GRI 306: Waste (2020)	306-1	Waste generation and significant waste-related impacts	130
			306-2	Management of significant waste-related impacts	130
			306-3	Waste generated	133

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15. Life on Land					
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss					
		GRI 304: Biodiversity (2016)	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	90
			304-2	Significant impacts of activities, products and services on biodiversity	90
			304-3	Habitats protected or restored	90
			304-4	Red List species and national conservation list species with habitats in areas affected by operations	90 - 91
		GRI 305: Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	120
			305-2	Energy indirect (Scope 2) GHG emissions	120
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			305-4	GHG emissions intensity	122
			305-5	Reduction of GHG emissions	122
			305-7	Nitrogen oxides (NO), sulfur oxides (SO), and other significant air emissions	123
		GRI 306: Waste (2020)	306-1	Waste generation and significant waste-related impacts	130
			306-2	Management of significant waste-related impacts	130
			306-3	Waste generated	133

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16. Peace, Justice and Strong Institutions					
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels					
		GRI 2: General Disclosures (2021)	2-22	Statement on sustainable development strategy	7, 8
			2-23	Policy commitments	69, 136 - 138
			2-24	Embedding policy commitments	16, 28
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	Anti-corruption	GRI 205: Anti-corruption (2016)	205-1	Operations assessed for risks related to corruption	205
			205-2	Communication and training about anti-corruption policies and procedures	206 - 207
			205-3	Confirmed incidents of corruption and actions taken	207
			2-27	Compliance with laws and regulation (2016)	16, 135
		GRI 403: Occupational Health and Safety (2018)	403-4	Worker participation, consultation, and communication on occupational health and safety	150

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			403-10	Work-related ill health	154
		GRI 408: Child Labor (2016)	408-1	Operations and suppliers at significant risk for incidents of child labor	201
		GRI 410: Security Practices (2016)	410-1	Security personnel trained in human rights policies or procedures	138, 204
		GRI 415: Public Policy (2016)	415-1	Political contributions	207
		GRI 417: Marketing and Labeling (2016)	417-2	Incidents of non-compliance concerning product and service information and labeling	103, 108
			417-3	Incidents of non-compliance concerning marketing communications	108
17. Partnership for the Goals					
Strengthen the means of Implementation and revitalize the global partnership for sustainable development					
		GRI 207: Tax (2019)	207-1	Approach to tax	66
			207-2	Tax governance, control, and risk management	67
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RR-FM-160a.1	Ecosystem Services & Impacts	Area of forestland certified to a third-party forest management standard, percentage certified to each standard 1	Quantitative	Hectares (ha), Percentage (%)	90
RR-FM-160a.2	Ecosystem Services & Impacts	Area of forestland with protected conservation status	Quantitative	Hectares (ha)	90
RR-FM-160a.3	Ecosystem Services & Impacts	Area of forestland in endangered species habitat	Quantitative	Hectares (ha)	90
RR-FM-160a.4	Ecosystem Services & Impacts	Discussion and Analysis	Quantitative	n/a	90
RR-FM-210a.1	Rights of Indigenous Peoples	Area of forestland in indigenous land	Discussion and Analysis	Hectares (ha)	156
RR-FM-210a.1	Rights of Indigenous Peoples	Description of engagement processes and due diligence practices with respect to human rights, indigenous rights, and the local community	Discussion and Analysis	n/a	156
RR-FM-450a.1	Climate Change Adaptation	Description of strategy to manage opportunities for and risks to forest management and timber production presented by climate change	Quantitative	n/a	69

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YOUR PROFILE

Name :
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Shareholder/Investor	<input type="checkbox"/>
Worker's Union	<input type="checkbox"/>
Public Organization/NGO	<input type="checkbox"/>
Customer	<input type="checkbox"/>
Media	<input type="checkbox"/>
Government/OJK	<input type="checkbox"/>
Employee	<input type="checkbox"/>
Supplier	<input type="checkbox"/>
Business Organization	<input type="checkbox"/>
Others	<input type="checkbox"/>

Strongly Agree

This report has given a clear overview on the company's performance on sustainable development

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[OJK G.2]

2023
SUSTAINABILITY REPORT



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